

City of Salinas California



Basic Financial Statements **Fiscal Year Ended June 30, 2022**



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Basic Financial Statements

Fiscal Year Ended June 30, 2022



PREPARED BY
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City of Salinas
Basic Financial Statements
For the Year Ended June 30, 2022

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City of Salinas

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September 12, 2023

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

We are pleased to submit the City of Salinas (City) Basic Financial Statements for the fiscal year ended June 30, 2022. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and are audited in accordance with generally accepted auditing standards.

Responsibility for the accuracy of the data and the fairness of presentation, including all notes and disclosures, rests with the City. We believe the data presented in this report is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included. Management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the residents of the City of Salinas, City staff, creditors, investors and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The Pun Group LLP, a firm of certified public accountants, have audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2022, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on fair presentation of the financial statements, but also on the government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

This report is divided into two sections:

- The **Introductory Section** includes this letter of transmittal and an organizational overview of the City government.
- The **Financial Section** consists of the independent auditors’ report, Management’s Discussion and Analysis, and the Basic Financial Statements; which include the Government-Wide Financial Statements, Fund Financial Statements, Notes to Financial Statements, Required Supplementary Information and other Supplementary 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 of Salinas 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 of Salinas 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 162,222 as of January 1, 2020. The City FY 2021-22 budget includes 606.50 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. Salinas 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
- Measure G Oversight Committee
- Measure E Oversight Committee

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

- Police Community Advisory Committee
- Animal Services Committee
- Design Review Board

- Board of Appeals
- Grievance Advisory Board
- Finance Committee
- Historical Resources Board

FINANCIAL INFORMATION

The City's management staff is responsible for establishing and maintaining internal controls that safeguard the assets of the government from loss, theft, or misuse and allow the compilation of adequate accounting data for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed its likely benefits and that the evaluation of costs and benefits is subject to management estimates and judgments.

Single Audit

As a recipient of Federal, State and County financial assistance, 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, the Finance Department staff, and the City's outside independent auditors.

As part of the City's single audit procedures, tests are performed to determine the effectiveness of the 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

The City's accounting and budgeting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable. Expenditures are recorded when the services or goods are received or the liabilities incurred. Accounting and budgeting for the City's proprietary funds are maintained on the accrual basis.

The City also uses encumbrance accounting as another technique for accomplishing budgetary control. An encumbrance is a commitment of a future expenditure earmarked for a particular purpose that reduces the amount of budgetary authority available for general spending. At the end of the fiscal year, encumbered appropriations are carried forward and become part of the following year's budget while appropriations that have not been encumbered lapse and are available to be appropriated through the following fiscal year's budget process.

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. Please refer to Required Supplementary Information to the financial statements for a more detailed discussion of budget policy and control. The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

Annual Financial Report

The purpose of the City's Annual Financial Report is to summarize the administrative and operational performance of the City during the previous fiscal year. The report is intended to highlight significant accomplishments that were achieved during the fiscal year ended June 30, 2022 and to provide a financial analysis of City performance.

Capital Assets and Depreciation

As of June 30, 2022, capital assets, including infrastructure assets, of the City of Salinas totaled \$862.2 million; accumulated depreciation totaled \$454.9 million, with the difference providing net capital assets of \$407.2 million. Net capital assets of the City's governmental activities (general government) are \$335.0 million and net capital assets for the City's business-type activities (enterprise funds) are \$72.2 million.

Capital assets include land, buildings, infrastructure (streets, curbs, gutters, sidewalks, bridges, streetlights, traffic signals, etc.), improvements other than buildings (park improvements, etc.), and machinery and equipment.

During FY 2021-22, depreciation expense on capital assets of the City's governmental activities (general government) was \$12.9 million and depreciation expense on capital assets of the City's business-type activities (enterprise funds) was \$3.6 million. Depreciation expense represents the amount at which assets are being used-up annually. Due to budget constraints over the years, the City has been unable to invest in the maintenance of capital assets at anywhere near the annual depreciation amount.

Please refer to the Notes to Basic Financial Statements, Note 11 for a complete discussion of the City's Capital Assets.

Long-term Debt Payable

At June 30, 2022, the City had \$154.8 million in long-term debt. Long-term debt includes capital leases and notes and bonds payable. While the General Fund guarantees most of the City's long-term debt, other funds, agencies or property owners make the majority of principal and interest payments. Examples of other funds, agencies or property owners include, the Industrial Waste Fund, Golf Courses Fund, the Sanitary Sewer Fund, Successor Agency to the former Salinas Redevelopment Agency property tax increments, and payments from property owners who are included in the City's various assessment districts.

Please refer to the Notes to Basic Financial Statements, Note 13, for a complete discussion of the City's Long-term Debt.

Fund Financial Statements-General Governmental Revenues

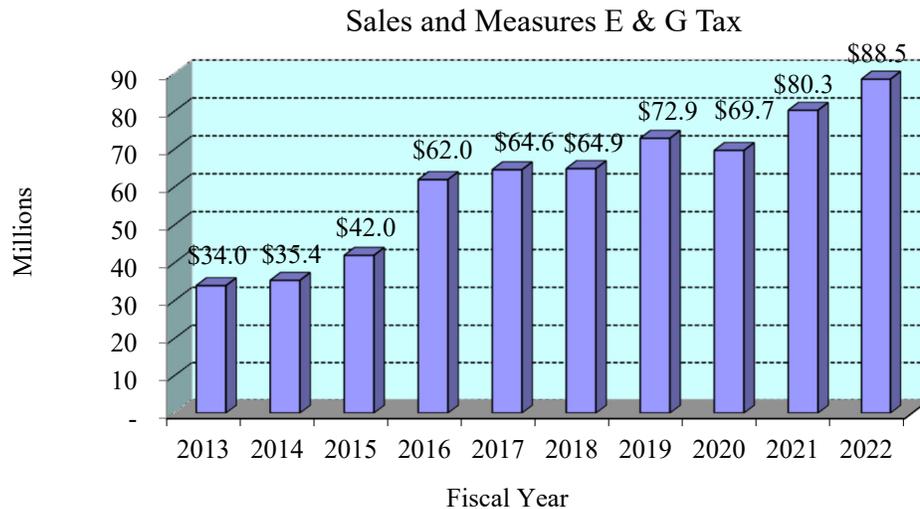
The current governmental operations of the City are accounted for in the General, Special Revenue, Debt Service, and Capital Project Funds. For the fiscal year ended June 30, 2022, total revenues for general governmental functions totaled \$214.4 million, an increase of 12.0% over the previous fiscal year.

Sales Tax

The City has a well-diversified economy and sales tax base. The sales and transaction and use tax increased \$8.2 million, or 10.2% from FY 2020-21. The increase can be attributed to the recovery from the COVID-19 pandemic and the effects it had on the economy. Sales tax was the largest single category of revenue this fiscal year producing 17.7% of the combined governmental fund type revenues. Transactions and Use Tax (Measures E and G) represents 23.6% of the combined governmental fund type revenues. Measures E and G transactions and use tax is a general tax and is reported as part of the General Fund. Combined, sales tax and transactions and use tax revenue total \$88.5 million or 41.3% of the combined governmental fund type revenues.

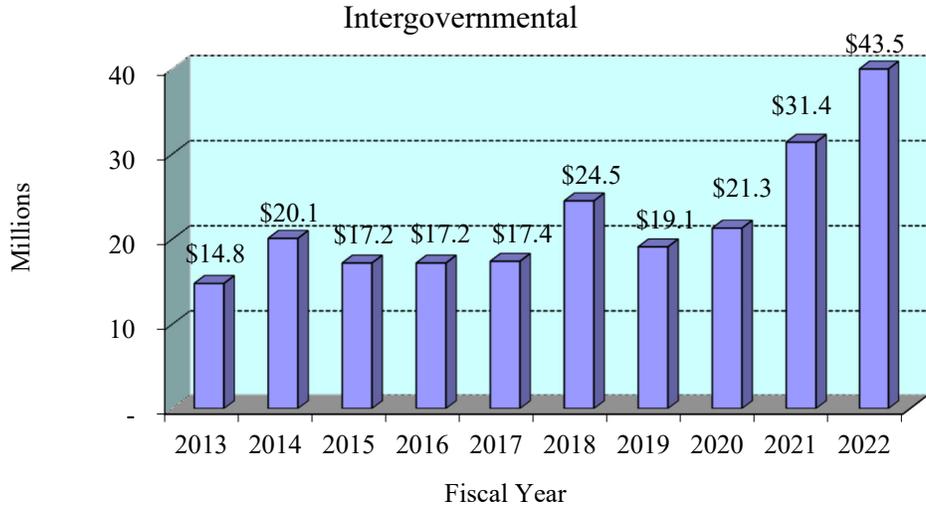
On November 8, 2005, the voters of Salinas approved Measure V, a 0.50% transactions and use tax. On November 6, 2012, the voters of Salinas approved to extend the 0.50% transaction and use tax with no sunset (Measure E). Measure E is a general tax and is reported as part of the General Fund, although the tax is accounted for in a separate sub-fund of the General Fund.

On November 4, 2014, the voters of Salinas approved Measure G, an ordinance imposing a one-cent general transactions and use tax. Measure G has a fifteen-year term and requires the City Council to establish an Oversight Committee. Measure G is a general tax and is reported as part of the General Fund, although the tax is accounted for in a separate sub-fund of the General Fund.



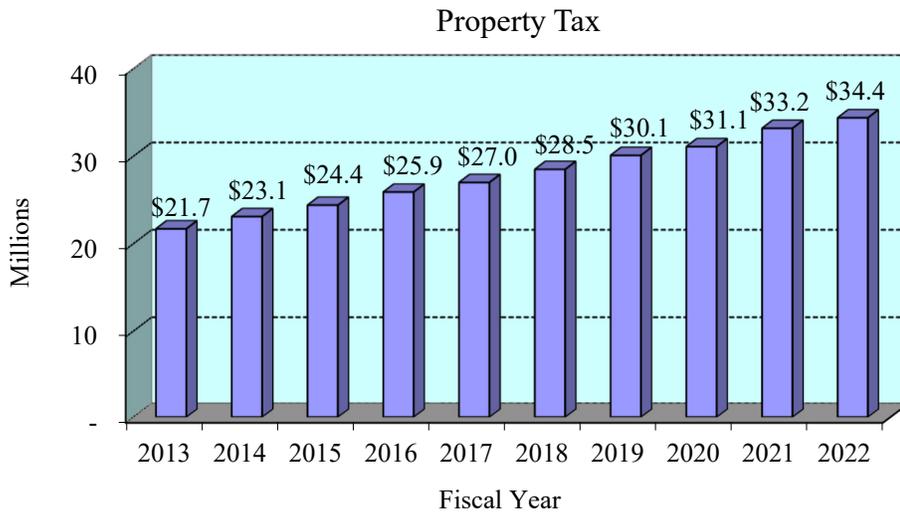
Intergovernmental

Intergovernmental revenue was the second largest single category of revenue during the fiscal year producing 20.3% of the combined governmental fund revenues. Intergovernmental revenues consist of vehicle licenses fees (1/3 of VLF), Federal and State Public Safety Funds, Federal Block Grants, State Gas Taxes and Federal and State Construction Grants. Intergovernmental revenue recovered from a 10-year low nine years ago. Intergovernmental revenue had an increase from the prior year of \$12.1 million, or 38.5%, mainly from increased Federal funding for the pandemic.



Property Tax

Property tax revenue was the third largest source of revenue during this fiscal year, producing 16.0% of the combined governmental fund type revenues. Property tax revenue includes Property tax-in-lieu of vehicle license fees (2/3 of VLF) of \$14.8 million that is now determined by the City’s growth in assessed property values. Property tax experienced a low in 2012 of \$21.5 million and is now \$34.4 million.



Utility User's Tax and Other Taxes

Utility user's tax and other taxes produced 10.9% of the combined governmental fund type revenues. Other taxes include business license tax and franchise fees, among others. Utility user's tax increased \$0.4 million from the prior year, or 3.8%. Other taxes decreased from the prior year to \$11.5 million.

Assessment District Taxes

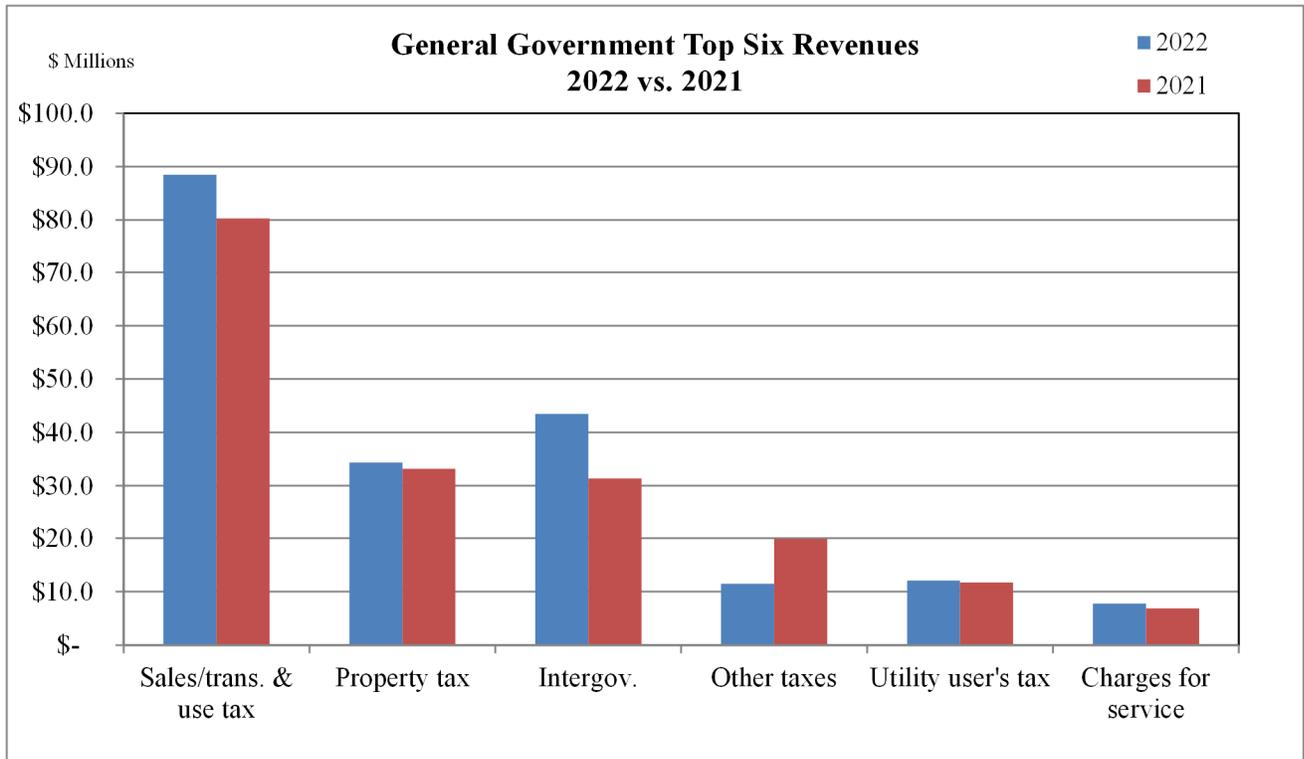
The Assessment District Debt Service Fund taxes increased by 2.0 million to \$0.7 million.

Charges for Services

The Charges for Services revenue increased by \$0.9 million, or 13.5% as a result of services returning to the pre-COVID-19 pandemic levels.

Revenues from various sources and the resulting changes over the last year are shown below.

Source of Revenues	2022 Amounts	Percent of Total	2021 Amounts	2022 vs. 2021 Increase/(decrease)	
				Dollars	Percent
Taxes - Special Assessments	\$ 749,723	0.3%	\$ 2,774,645	\$ (2,024,922)	-73.0%
Property tax	34,350,884	16.0%	33,234,237	1,116,647	3.4%
Sales/transaction & use tax	88,460,979	41.3%	80,275,160	8,185,819	10.2%
Utility user's tax	12,106,526	5.6%	11,664,913	441,613	3.8%
Other taxes	11,452,945	5.3%	19,869,125	(8,416,180)	-42.4%
License & permits	11,655,858	5.4%	812,083	10,843,775	1335.3%
Intergovernmental	43,503,917	20.3%	31,404,757	12,099,160	38.5%
Charges for service	7,779,989	3.6%	6,854,066	925,923	13.5%
Interest	(2,221,283)	-1.0%	673,582	(2,894,865)	-429.8%
Rental income	597,016	0.3%	927,623	(330,607)	-35.6%
Fines/forfeitures	736,590	0.3%	623,400	113,190	18.2%
Miscellaneous	5,205,563	2.4%	2,243,489	2,962,074	132.0%
TOTAL	<u>\$ 214,378,707</u>	<u>99.8%</u>	<u>\$ 191,357,080</u>	<u>\$ 23,021,627</u>	<u>12.0%</u>

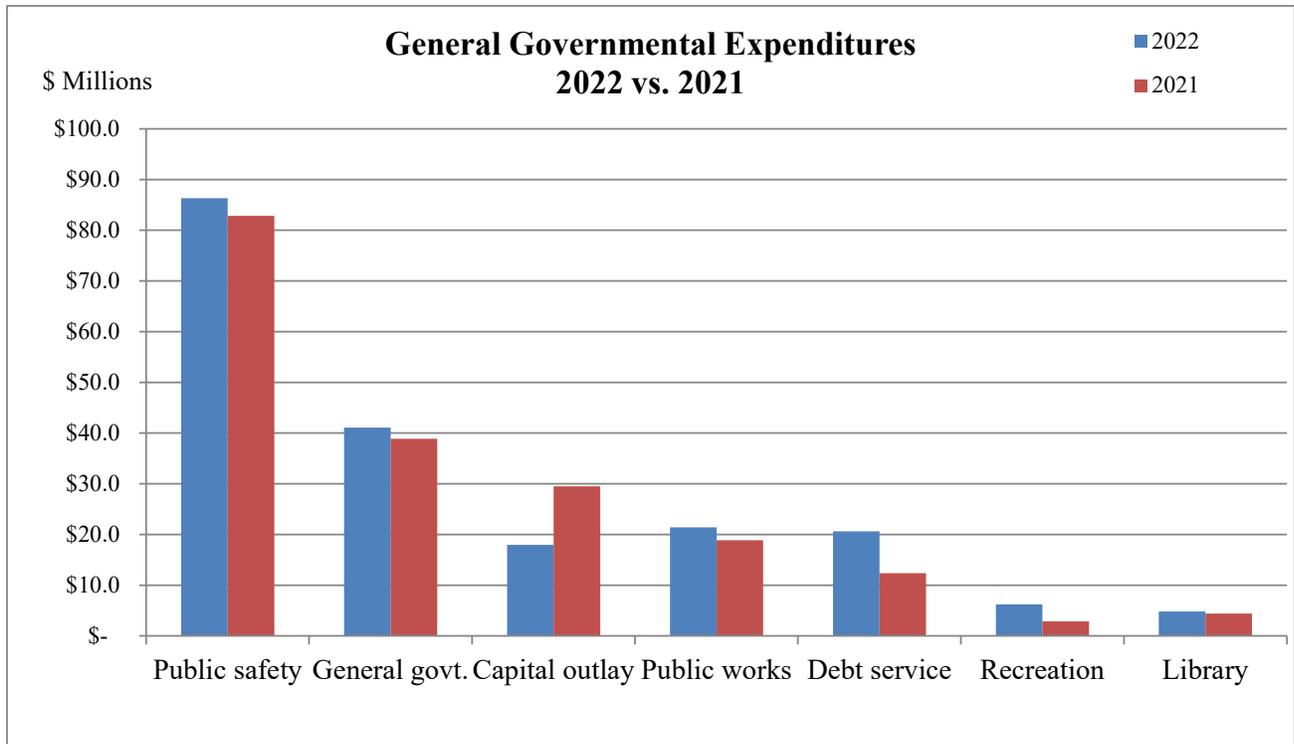


Fund Financial Statements-General Governmental Expenditures

Expenditures for governmental operations during the fiscal year ended June 30, 2022 were \$198.3 million, a net increase of 3.9% in total expenditures over the previous year.

Changes in expenditures by major function are as follows:

Function	2022	Percent of Total	2021	2022 vs. 2021 Increase/(decrease)	
				Dollars	Percent
General government	\$ 41,058,542	20.7%	\$ 39,992,586	\$ 1,065,956	2.7%
Public safety	86,257,361	43.5%	82,842,431	3,414,930	4.1%
Public works	21,406,979	10.8%	18,892,966	2,514,013	13.3%
Recreation	6,203,379	3.1%	2,935,550	3,267,829	111.3%
Library	4,759,516	2.4%	4,363,997	395,519	9.1%
Subtotal operations	159,685,777	80.5%	149,027,530	10,658,247	7.2%
Capital outlay	18,038,903	9.1%	29,525,238	(11,486,335)	-38.9%
Debt service:					
Principal	15,149,780	7.6%	6,465,528	8,684,252	134.3%
Interest	5,474,806	2.8%	5,951,232	(476,426)	-8.0%
Total	\$ 198,349,266	100.0%	\$ 190,969,528	\$ 7,379,738	3.9%



For the fiscal year ended June 30, 2022, total expenditures for general governmental functions totaled \$198.3 million, an increase of 3.9% over the previous fiscal year.

General Government increased by \$1.1 million, or 2.7%. Recreation increased by \$3.3 million, or 111.3%, Public Safety increased by \$3.4 million, or 4.1%, Public Works increased by \$2.5 million, or 13.3%, and Library expenditures increased by \$0.4 million, or 9.1%.

Principal payments increased by \$8.7 million while interest payments decreased by \$0.5 million, mostly due to a large pay down of the Police Services Building debt in the current year.

Capital Outlay (Project) expenditures decreased \$11.5 million or 38.9% from \$29.5 million in FY 2020-21 to \$18.0 million in FY 2021-22. During the year, there were 128 capital projects worked on. The largest project was the Bardin Rd. Safe Route to School with \$5.9 million spent in 2022. The second largest project was \$4.6 million spent on the East Lake Street Sewer Repairs. The third and fourth largest projects were \$2.7 and \$1.7 million on the E. Laurel Dr. Sidewalk and Lights and the Industrial Waste Treatment Facility Repairs projects, respectively.

Business-type Activities-Enterprise Funds

Enterprise Funds are the City’s business-type activities (activities supported, at least in part, by fees or charges) and include the Salinas Municipal Airport, the Industrial Waste Facility, the Sanitary Sewer System, the Parking District, and Permit Services.

The Enterprise Fund’s net position totaled \$56.2 million at June 30, 2022.

Internal Service Funds

Internal Service Funds are used to account for the City's fleet maintenance program and risk management program which administers employee benefits and the City's insurance programs including; 1) General Insurances-employee assistance program, unemployment claims, biennial physical exams and property insurance; 2) Workers' Compensation self-insurance program; and 3) General Liability self-insurance program.

At June 30, 2022, the Internal Service Funds liabilities for estimated claims payable totaled \$29.7 million, with \$25.3 million representing Workers' Compensation and \$4.3 million representing General Liability.

Total Workers' Compensation insurance claims liabilities are \$27.0 million at June 30, 2022. A portion of the liability is reported in the Internal Service Fund (\$25.3 million) and a portion is treated as long-term debt (\$1.6 million). The long-term debt portion represents future obligations of the Workers' Compensation Plan.

Fiduciary Funds

Fiduciary Funds are used to account for assets held in trust for others and cannot be used for general government purposes. The City maintains the following Fiduciary Funds: Private Purpose Trust Funds, Pension Trust Funds and Custodial Funds.

Private Purpose Trust Funds include a net position of \$1.0 million held by the City, which increased by \$0.1 million from the prior year. Of the net position, \$0.4 million is held by the City for the dissolved Redevelopment Agency, which is accounted for in the Successor Agency Trust, and a net position of \$0.6 million held by the City for Community Center and Sherwood Hall activities, Monterey One Water Fees, Sales Tax, Payroll Taxes, Deposits, Construction Bonds and other trust arrangements not properly reported in a pension trust.

Pension Trust Funds held by the City of \$13.6 million are employee deferred compensation funds.

Custodial Funds are assets held by the City for Economic Development, Salinas Valley Enterprise Zone, Employee Cafeteria Plan and Retired Employees Health Insurance Program. Agency assets held by the City total \$0.0 million (\$22,012).

Cash Management

In accordance with the provisions of California Government Code Section 53600 et. seq., the City is restricted to certain types of legal investments. These investments are included in the City's investment policy and are approved by City Council annually. In addition, the City's investment activity is reported to the City Council monthly pursuant to the California Government Code.

The City invests all idle funds daily. The cash management system of the City is designed to monitor revenues and expenditures to ensure the investment of monies to the fullest extent possible. The criteria, in order of priority, for selecting investments are safety, liquidity, and yield.

The City's investment in certificates of deposit and investment contracts are reported at cost, which is fair value. While recorded at fair market value in the financial statements, the City's investments are redeemable at 100% of cost.

Please refer to Note 3 for a complete discussion of the City's Cash and Investments.

The City's cash and investments at June 30, 2022 is as follows:

Cash and Cash Equivalents:	
Cash on hand	\$ 25,000
Demand accounts at banks	6,260,469
Money market	16,073,619
Deposits held in trust by fiscal agent	217,200
Money market held in trust by fiscal agent	2,595,751
Local Agency Investment Fund	89,354,488
Total cash and cash equivalents	<u>114,526,528</u>
Investments:	
Investments held by fiscal agent	134,460,738
Deferred compensation	4,354,495
Total investments	<u>138,815,233</u>
Total cash and investments	<u>\$ 253,341,761</u>

Property Assessment

Assessed valuation of citywide taxable properties increased \$415.2 million to \$13,051 million representing an increase of 3.3% over FY 2020-21.

The following table summarizes the growth and declines in assessed valuation.

Fiscal year	Before Redevelopment Increment	After Redevelopment Increment	Percent Change
2021-22	\$ 13,051,285,928	\$ 12,029,666,454	3.29%
2020-21	12,636,068,210	11,642,994,299	4.60%
2019-20	12,080,694,193	11,139,610,620	5.41%
2018-19	11,460,172,316	10,579,785,927	5.02%
2017-18	10,912,115,449	10,071,741,861	4.70%
2016-17	10,422,521,577	9,614,776,155	4.60%
2015-16	9,963,782,622	9,195,146,472	6.49%
2014-15	9,356,177,997	8,629,207,052	8.82%
2013-14	8,597,836,189	7,904,316,402	2.72%
2012-13	8,370,116,351	7,693,329,440	0.72%
2011-12	8,310,478,479	7,628,550,860	-0.61%
2010-11	8,361,701,633	7,473,844,928	-6.75%
2009-10	8,966,761,801	7,981,760,147	-11.25%
2008-09	10,102,973,741	9,158,540,984	-5.10%
2007-08	10,645,974,648	9,750,295,032	7.25%
2006-07	9,926,023,729	9,107,918,547	12.72%
2005-06	8,806,009,783	8,305,434,488	12.90%
2004-05	7,799,653,100	7,373,407,370	10.70%
2003-04	7,045,521,979	6,643,698,145	6.90%

Significant Events and Accomplishments

Through the leadership of the City Council and the City Manager, the city continues to produce amazing accomplishments. The City Council is committed to strategic goals, which guide the initiatives and activities of each City department. The following is a list of accomplishments during the year for each department:

❖ City Attorney Department

1. Support Efforts to Generate Revenue Sources to Invest in Existing Facilities and Infrastructure. *(Infrastructure and Environmental Sustainability)*
 - a. Advise on transactional support and fee/finance issues related to additional investment in existing facilities and infrastructure.
 - b. Advise on procurement and contracting for American Rescue Plan Act (ARPA) funded projects.
2. Support Efforts to Fund Storm Water Program and Additional Taxes and Fees. *(Infrastructure and Environmental Sustainability)*
 - a. Advise on and support efforts to establish new and additional fees and taxes to fund the City's storm water management program and maintenance of City parks and recreation facilities.
3. Municipal Code Update. *(Effective and Culturally Responsive Government; Infrastructure and Environmental Sustainability)*
 - a. Complete update of the Municipal Code to identify and to update self-imposed regulations that hinder operational efficiencies.
 - a. Update purchasing policies and purchasing manual, to include an environmentally friendly purchasing requirement.
 - b. Support efforts to establish a Youth Commission. *(Youth and Seniors)*
4. Cost-Recovery Program. *(Effective and Culturally Responsive Government)*
 - a. Continue to implement and manage a cost-recovery program so the City can recover its costs and can recover for damaged property.
5. Employment/Human Resources. *(Effective and Culturally Responsive Government)*
 - a. Continue to review and to update personnel policies, as needed. Continue to participate in and advise on employee issues during continued negotiations with the remaining bargaining groups.
6. Civil Litigation. *(Effective and Culturally Responsive Government)*
 - a. Continue to manage the bulk of civil litigation in-house, with less reliance on outside counsel, except for some unique and particularly specialized cases.
 - b. Work to resolve North of Boronda Future Growth Area-related litigation to facilitate development of new housing. *(Housing/Affordable Housing)*
7. Prosecution of Municipal Code Violations. *(Public Safety)*
 - a. Continue to prosecute misdemeanor violations of the Salinas Municipal Code.
8. Continue to address workers' compensation costs, continue moving toward sound actuarial funding. *(Effective and Culturally Responsive Government)*
 - a. Reduce general fund costs in management and administration of general liability and workers compensation programs.
 - b. Identify workers' compensation cases which are eligible for early resolution.
 - c. Develop and implement a City-wide Safety Training Program; participate in Safety Committee meetings.

- d. Assist with coordination of early Return to Work for Industrial and Non-industrial Injuries.
- e. Annually audit workers' compensation third party administrator's performance in managing claims and liabilities.
- f. Review and update actuarial data in workers' compensation program to ensure adequate funding and reduction in outstanding accrued liability.

❖ **Community Development Department**

1. Continue to implement the Alisal Vibrancy Plan including greening, litter abatement and public art/district identity improvements and the adoption of commercial corridor guidelines and a district identity plan. *(Strategic Goal: Economic Development)*
2. Continue to support small businesses through business navigation, loans, and connection to small business resources. *(Strategic Goal: Economic Development)*
3. Work with developers to entitle the Ferrasci Business Center Specific Plan (Target Area K) which will provide new employment and revenue generating opportunities. *(Strategic Goal: Economic Development)*
4. Evaluate the tax and regulatory environment for commercial cannabis and make data informed recommendations to City Council on improvements to the Commercial Cannabis Ordinance, tax rates, and permitting process to stabilize the industry in Salinas. *(Strategic Goal: Economic Development)*
5. Continue to work with the community, food vendors, and nonprofits to expand healthy foods choice and explore entrepreneurship opportunities such as new farmer's markets, food truck pods, development of a community/commercial kitchen, and community gardens. *(Strategic Goal: Economic Development)*
6. Coordinate with the County on the implementation of the Downtown Vibrancy and Alisal Vibrancy Plans to include undertaking planning activities for a downtown parking facility and city and county properties around the Division Street Opportunity site in the Alisal. *(Strategic Goals: Economic Development and Housing/Affordable Housing)*
7. Complete the entitlement process for a vibrant, multi-phase new mixed-use development at the corner of Abbott and John Street to include a 111-room hotel, 242 dwelling units, 107,900 sq ft of retail, and 30,900 sq ft of office. *(Strategic Goals: Economic Development and Housing/Affordable Housing)*
8. Proactively engage developers and leverage American Rescue Plan Act (ARPA) funding of \$7 million and other housing resources to incentivize and promote the production of low- and moderate-income housing for families, workforce, including farmworkers, and seniors. *(Strategic Goal: Housing/Affordable Housing)*
9. Launch preparation of the East Area Specific Plan to increase housing development opportunities and create healthy, walkable and sustainable neighborhoods. *(Strategic Goal: Housing/Affordable Housing)*

10. Continue to partner with the County of Monterey to develop an affordable multi-family housing project at 855 E. Laurel Drive. *(Strategic Goal: Housing/Affordable Housing)*
11. Continue to effectively operate an ARPA funded interim housing Motel Program in support of City Health & Safety Days and other emerging City initiatives and priorities. *(Strategic Goal: Housing/Affordable Housing)*
12. Effectively use SB2 grant funds to facilitate zone changes to mixed-use to increase housing development opportunities in the downtown, North and East Salinas. *(Strategic Goal: Housing/Affordable Housing)*
13. Support the continued rehabilitation and full occupancy of 202 units of affordable, permanent supportive housing at awarded HCD Homekey project sites. *(Strategic Goal: Housing/Affordable Housing)*
14. Continue to promote ADU development by completing pre-approved ADU plans, streamlining approval processes, updating regulations consistent with State law, and connecting applicants to financing. *(Strategic Goal: Housing/Affordable Housing)*
15. Facilitate the development of the Future Growth Area (FGA) by coordinating infrastructure investment and processing tentative map applications as quickly as possible. *(Strategic Goal: Housing/Affordable Housing)*
16. Initiate public engagement to facilitate the preparation of the City's first Climate Action Plan (CAP). *(Strategic Goal: Infrastructure and Environmental Sustainability)*
17. Establish a rental registration program to promote the life safety of housing units and provide tenant/landlord support to stabilize Salinas' housing stock and promote housing preservation. *(Strategic Goals: Public Safety and Housing/Affordable Housing)*
18. Improve code enforcement outcomes by coordinating with Fire Prevention, Police Department, Public Works, Monterey County Environmental Health, Republic Services, and Homeless Service Providers to address blighted properties and quality of life issues such as noise complaints. *(Strategic Goal: Public Safety)*
19. Increase inspection warrants and continue to implement administrative and legal remedies in gaining compliance on nuisance properties that may have health and safety dangers. *(Strategic Goal: Public Safety)*
20. Coordinate with Public Works and the Monterey County Health Department in working with vendors to comply with the City's vendor regulations and to improve health compliance related to food vending. *(Strategic Goal: Public Safety)*
21. Continue to expand community engagement opportunities and education to encourage compliance with City codes. *(Strategic Goal: Public Safety)*
22. Assist in providing funding to organizations in the areas of substance abuse and youth violence prevention. *(Strategic Goal: Public Safety)*

23. Effectively implement the Cal ICH Encampment Resolution Grant using ‘Housing First’ best practices to provide unhoused residents with viable pathways to housing and to allow for the restoration of former encampments sites to their intended public use. *(Strategic Goal: Public Safety)*
24. Coordinate with Library and Community Services and Public Works to implement park and recreational facility improvements including the design and construction of a new Hebbron Family Center to implement the Alisal Vibrancy Plan. *(Strategic Goal: Youth and Seniors)*
25. Complete the final phase of rehabilitation of the Sherwood Recreation Center project in collaboration with Library and Community Services. *(Strategic Goal: Youth and Seniors)*
26. Continue to engage and collaborate with Salinas’ residents and stakeholders to ensure the incorporation of equity in the preparation of the General Plan Update. *(Strategic Goal: Effective and Culturally Responsive Government)*
27. Implement technology improvements at the Permit Center to facilitate the processing of construction permits via Project/Dox/OAS, a paperless system. *(Strategic Goal: Effective and Culturally Responsive Government)*
28. Increase virtual building inspections by 50% over the next fiscal year. *(Strategic Goal: Effective and Culturally Responsive Government)*
29. Implement a customer satisfaction survey to guide Permit Center Improvements *(Strategic Goal: Effective and Culturally Responsive Government)*
30. Optimize the land use management system – TRAKiT to facilitate data exchange and avoid duplicative entry to improve Permit Center productivity. *(Strategic Goal: Effective and Culturally Responsive Government)*

❖ **Finance Department**

1. Worked collaboratively with departments to balance the fiscal year budget.
2. Implemented group budgeting, which reduces the number of appropriation (i.e., expenditure budget) adjustments necessary by allowing expenses within a department’s individual accounts within a fund to be exceeded provided the department’s overall appropriation in the same fund is not, and zero-based budgeting, which requires that budgeting begin with \$0 in appropriations assumed. Together, these practices prevent budget “bloat,” inflated appropriations which result from carrying forward appropriation amounts year after year without consideration for whether they are necessary.
3. Amended the City’s financial policies, establishing and funding several new reserves to better position the City able to withstand financial emergencies and to make decisions strategically, rather than financially, and establishing minimum targets for annual infrastructure and facilities maintenance appropriations.

4. Completed the annual audited financial statements and Single Audit of Federally Assisted Grant Programs (Single Audit), receiving unmodified auditor's opinions/reports (i.e., opinions/reports wherein the auditor has concluded that the financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework).
5. Secured American Rescue Plan Act Funds of \$51.6 million for the City of Salinas.
6. Improved the calculation of available fund balances.
7. Acquired professional investment management and advisory services consultant, which is expected to significantly increase the City's investment returns.
8. Acquired property tax services consultant, which will assist the City in preparing more accurate property tax revenue projections, provide assessed value and revenue information for secured and unsecured properties in the City, and perform analysis to identify errors in misallocation of property taxes.
9. Completed Technology Current State Assessment and Technology Master Plan.
10. Develop training and educational plans to improve help desk "first call" resolution and improve support services across the City.
11. Established Unclaimed Monies webpage where outstanding (uncashed) checks issued by the City may be found along with instructions for submitting claims.
12. Supported labor negotiations with labor costing and budgetary/financial updates.

❖ **Fire Department**

1. Grants- The Fire Department applied for and was awarded a grant from the *Federal Urban Area Security Initiative (UASI)* in the amount of \$162,000 to upgrade the technology in the City's Mobile Command and Communications Vehicle (MCCV). The vehicle was procured in 2008 with State Homeland Security Grant Program (SHSGP) funding and is in need of upgrades to its' technology systems. This award assures the serviceability of this valuable resource for many years to come.
Assistance to Firefighters Grant (AFG) - The fire department was rewarded this unique grant for a second year in a row. In cooperation with the City of Monterey Fire Department, this grant provides funding up to \$800,000 for existing SFD firefighters to attend paramedic and offset the associated staffing costs.
2. Recruitment and Hiring - The Fire Department successfully hired and completed an academy of 8 lateral firefighter transfers from neighboring fire departments. This helped the department to hire local candidates and reduce some of the costs associated recruitment and training of personnel with existing firefighting experience.

Fire department administration was successful in partnering with the South Bay Regional Training Consortium, Hartnell College and Monterey Peninsula College in establishing a local Paramedic training program. This program administered through the community college system will provide the opportunity for local students to obtain this valuable training and will allow local departments to train existing staff to the advanced level of Paramedic.

SFD has partnered with the Mission Trails Regional Occupational Program (MTROP) to attract and train local youth for a career of service with the City of Salinas Fire Department. This supports the City Council's strategic goal of local recruitment and diversity in the City's workforce.

3. Emergency Medical Services – Amidst the global pandemic Salinas firefighters responded to several thousand COVID-19 related emergency responses without drastic impacts to continuity of services. The division took a lead role in establishing city-wide COVID guidelines and best practices for all City departments and participated in local and State efforts to provide vaccinations and education.
4. Promotional Exams –The Fire Department has completed numerous internal promotions to fill vacancies in various ranks, including Battalion Chief, Fire Captain, and Fire Engineer.
5. Fire Prevention Division – The division was able to fill its' 3rd vacancy in the full-time Fire Inspector position and is currently recruiting to fill vacancies in part-time positions. The division received Council approval to proceed with a re-classification/re-organization of inspection personnel to further improve the efficiency and accountability of inspections and help with recruitment and retention of staff. The division has eliminated nearly all of the pandemic-related back-log of inspections.
6. Operations/Suppression -The Fire Department took delivery of two new fire apparatus. These new fire engines will replace aged equipment at fire station #1 on West Alisal St. and fire station #6 on East Bolivar St.as part of the department's vehicle replacement program.
7. Facilities- Fire station #1 on West Alisal received a much needed new roof that will help extend the longevity of this facility and greatly improved the visual for the neighborhood. Additionally, the Council approved improvements to the west wing of City Hall have commenced and are anticipated to be completed by the new FY. The improvements to the west wing will combine the fire administration and prevention offices into one space and allows for efficiencies in supervision of staff, efficiencies in customer service, provides ample workspace for fire department administrative and prevention personnel. It also provides for training facilities that can also serve as the City's Emergency Operations Center (EOC) in times of crisis. Office spaces vacated in the permit center will allow for expansion of community development programs, services, and staffing as well.
8. Wellness/Safety – The Department has bolstered its' training and resource availability in the areas of mental health and critical incident stress reduction. Several members of the department have received specific training in Critical Incident Stress Management (CISM) as part of a broader national initiative to reduce mental health impacts on public safety personnel. The department has engaged with additional specialized counseling resources to augment and improve existing programs.

❖ **Human Resources Department**

1. Work collaboratively with Departments to administer the personnel recruitment and in-service training programs for City personnel (Strategic Goal: Effective and Culturally Responsive Government)
2. Administer the City's classification and compensation plans consistent with the Personnel Ordinance and Resolution (Strategic Goal: Effective and Culturally Responsive Government)
3. Continue streamlining hiring and employee onboarding (Strategic Goal: Public Safety and Effective and Culturally Responsive Government)
4. Continue ongoing collaboration with implementation of the Salinas Plan (Strategic Goal: Public Safety and Effective and Culturally Responsive Government)
5. Continue efforts on Blue Zone worksite designation (Strategic Goal: Effective and Culturally Responsive Government)
6. Streamline payroll for public safety - integration into New World ERP (Strategic Goal: Effective and Culturally Responsive Government)
7. Implement online performance evaluation module (Strategic Goal: Effective and Culturally Responsive Government)
8. Oversee the City's employer-employee relations matters with recognized employee organizations on matters within the scope of representation pursuant to Municipal Code (Strategic Goal: Effective and Culturally Responsive Government)

❖ **Library and Community Services Department**

1. Continue to develop and maintain reopening/ongoing operating standards for our libraries and recreation centers that mitigate the risk posed by the ongoing COVID-19 pandemic. (*Youth and Seniors*)
2. Continue to identify opportunities that support implementation of the Parks, Recreation & Libraries Master Plan. (*Youth and Seniors, Public Safety, Effective and Culturally Responsive Government, Infrastructure and Environmental Sustainability*)
3. Apply for and leverage multiple funding sources and partnerships to offer better programs and services with improved organizational outcomes. (*Youth and Seniors, Public Safety, Effective and Culturally Responsive Government, Infrastructure and Environmental Sustainability*)
4. Identify new collaborations with school districts to increase access to facilities through Joint Use Agreements and student support systems like on-site after school programs. (*Youth and Seniors*)

5. Continue to increase city-wide volunteer efforts to beautify and uplift AMOR Salinas Principals. (Youth and Seniors).
6. Continue to provide popular hybrid recreation and library programs, including take-home kits and virtual program options, while fully re-establishing in-person programs. (Youth and Seniors)
7. Complete and Publish the Community Alliance for Safety and Peace Strategic Plan on Violence Reduction for 2022-2025 and present to the City Council. (*Public Safety*)
8. Assess and prioritize maintenance of Department facilities to ensure a safe and welcoming environment that meets the needs of the community. (*Infrastructure and Environmental Sustainability, Public Safety, Youth and Seniors*)
9. Continue to offer prevention and intervention programs and services for at-risk youth and member of other vulnerable populations. (*Public Safety, Youth and Seniors, Effective and Culturally Responsive Government*)
10. Utilize Crime Prevention Through Environmental Design (CPTED) principles to improve safety in parks and around facilities. (*Infrastructure and Environmental Sustainability, Public Safety, Youth and Seniors*)
11. Develop a Park Maintenance Standard Manual that will identify standards of work to support a higher standard for upkeep and maintenance of the park system. (*Infrastructure and Environmental Sustainability, Effective and Culturally Responsive Government*)
12. Continue to support the Public Arts Commission, implementation of the Public Arts Ordinance and coordination of variety of stakeholders and funders to implement the Public Art Master Plan. (*Economic Development, Effective and Culturally Responsive Government*)
13. Leverage existing programs and efforts to develop a mural program to combat graffiti. (*Economic Development*)
14. Establish a Race Equity Plan. (*Effective and Culturally Responsive Government*)
15. Provide Diversity, Equity and Inclusion (DEI) training for policy-makers and staff. (*Effective and Culturally Responsive Government*)
16. Continue to manage the Hebbroon Family Center Revitalization Project and enter into a design-build contract. (*Economic Development, Infrastructure and Environmental Sustainability, Public Safety, Youth and Seniors*)
17. Continue to manage the Closter Park Renovation Project. (*Economic Development, Infrastructure and Environmental Sustainability, Public Safety, Youth and Seniors*)
18. Conduct an irrigation assessment of the City's park system. (*Infrastructure and Environmental Sustainability, Public Safety, Youth and Seniors*)

19. Continue to assess and upgrade playground structures, benches, and grills. *Infrastructure and Environmental Sustainability, Public Safety, Youth and Seniors*)
20. Review the library structure and finalize recommendations for a re-organization to identify a clear structure that improves service delivery. *(Effective and Culturally Responsive Government)*
21. Seek and implement new technologies and digital resources to increase the efficiency, convenience, and level of service to the community. *(Effective and Culturally Responsive Government)*
22. Expand the Library's device lending program to include laptops and hotspots, to alleviate digital divide in the community. *(Effective and Culturally Responsive Government)*
23. Continue to provide Adult and Family Literacy services, including English language and basic computer literacy, citizenship exam, and high school equivalency preparation classes. *(Youth and Seniors)*
24. Re-establish additional in-person sessions for Read Grow Play playgroup programs, restart Kinder mobile service for Salinas' kindergarteners, and continue to provide seasonal reading challenges for Salinas youth to encourage love of reading. *(Youth and Seniors)*
25. Continue to offer and expand the SMART card program for all school districts in Salinas *(Youth and Seniors)*
26. Fully launch makerspace for public access at El Gabilan Library and improve technology access at all libraries *(Effective and Culturally Responsive Government)*
27. Evaluate and expand the Library's digital collection and resources to increase relevancy and diversity of offerings *(Effective and Culturally Responsive Government)*
28. Expand library programs and partnerships for adults and young adults in health and wellness, financial literacy, local history and genealogy, and workforce and business development. *(Youth and Seniors, Economic Development)*
29. Identify opportunities to improve library staff training, engagement, and wellness to better retain and grow talents locally *(Effective and Culturally Responsive Government)*
30. Identify funding resources and implement building improvement efforts for John Steinbeck and Cesar Chavez Library. *(Effective and Culturally Responsive Government)*
31. Update the special event permit process to improve efficiencies, mitigate risk and create a positive customer service experience for the event organizer. *(Effective and Culturally Responsive Government, Economic Development)*

❖ **Police Department**

1. Continue to secure new grants and supplemental funding to support police operations and expand services to the community. *(Strategic Goal: Public Safety & Effective and Culturally Responsive Government)*
2. As recommended in the workload analysis, implement new patrol beat boundaries to greater balance workload. *(Strategic Goal: Public Safety)*
3. Effective utilization of resources and staffing to efficiently provide services to the community. *(Strategic Goal: Public Safety & Effective and Culturally Responsive Government)*
4. Maintain CSO staffing to address quality of life issues such as abandoned vehicles and community engagement. *(Strategic Goal: Public Safety & Effective and Culturally Responsive Government)*
5. Work collaboratively with Code Enforcement and the City Attorney's Office to address quality of life issues. *(Strategic Goal: Public Safety)*
6. Increase community engagement throughout all levels of the department. *(Strategic Goal: Public Safety & Effective and Culturally Responsive Government)*
7. Continue to work on evaluating and implementing the remaining Department of Justice's Collaborative Reform Initiative recommendations, as appropriate. *(Strategic Goal: Public Safety & Effective and Culturally Responsive Government)*
8. Continued to implement and expand the community policing concept to maintain and increase communication and transparency with the community. *(Strategic Goal: Public Safety)*

❖ **Public Works Department**

Investment Strategies/Risk Management

1. Downtown Vibrancy Plan Implementation
 - a. Complete construction of Main Street for 100, 200 and 300 block.
 - b. Complete construction of Downtown Complete streets, on West Alisal from Front Street to Blanco Road.
2. Support development of Salinas Travel Center project, Airport Lease Project, Unikool (John Street) Project, SkyWest Project, and the Sobel Project.
3. Complete the Mitigated Negative Declaration for Boronda Road Congestion Relief Project (future growth area).
4. Complete 75% design for Boronda Road and McKinnon roundabout.
5. Submit 90% plans of Williams Road to PG&E for the kickoff of the Utility Undergrounding design project.

6. Technical Support for the West Area and Central Area Specific Plans approval process.
7. Provide engineering and street maintenance support for various City special events.
8. Completed 90% Design for the Williams Road Improvements.
9. Continuing work to develop sustainable parking enterprises which help support the city's economic sectors.
10. Project closeout for the Sanborn/Elvee/HWY 101.
11. Completed the fiberoptic backbone for the Downtown Fiber Optic Network plan.
12. Complete Installation of new metal roof at Fire Station no. 1.
13. Support regional plan to extend commuter rail service to Salinas that will provide access to jobs in the Bay Area and Silicon Valley.
14. Development complete streets, multi-modal corridors, and a sustainable transportation to support responsible future growth area and mitigate vehicle miles travelled (VMT).
15. Supported the Airport Lease Project MND and began coordination with Caltrans as part of mitigation program to improve Airport Blvd/US 101 Ramps.
16. Support the Salinas Ag Industrial Center Development Project and continue coordinating with Caltrans and TAMC to improve US 101 access in South Salinas.
17. Completed plans and awarded a bid for the Pedestrian Crossing Enhancements Project.
18. Completed new Franchise Agreement for Solid Waste Services after over a year of negotiations.
19. Completed new agreement with Salinas Valley Solid Waste Authority which requires the relocation of the Sun Street Transfer Station outside the City.
20. Completed Agreement with California Water Board to accept \$8.8M in grant funds for the Industrial Wastewater Treatment Facility.

Public Safety

1. Continuing work with Monterey County Health Department, TAMC, and Blue Zones to develop Traffic Safety education programs.
2. Continued homeless encampment cleanups.
3. Begin construction of East Laurel Drive Pedestrian Improvements and Street Lighting.

4. Completed construction of Old Muni Pool phase 1, 2 and 3.
5. Begin construction of the Bardin Road Safe Routes to School Improvements.
6. Completed construction of the Alvin Drive Safe Routes to School Project.
7. Completed construction of three new traffic signals (Alvin Drive/Linwood and the Alvin Drive/El Dorado Intersections; and at North Main/Street/Navajo Drive in support of the El Gabilan Library Extension.
8. Completed Council approved Traffic Calming Projects at Geil Street.
9. Completed sidewalk repairs at District 3, District 4 and District 2 in the amount of \$900K through the Job Order Contract (JOC) Sidewalk Improvement Program.
10. Continued developing the Salinas Safe Routes to School Plan with Ecology Action and TAMC.
11. Completed new sidewalks and eliminated the “missing” pedestrian link on Maryal Drive serving Sherwood Park, Tatum’s Garden, the Rodeo Grounds and Boys and Girls Club.

Operational Efficiencies

1. Developing Sustainable Citywide Parking Management Program
 - a. Continued to manage the Parking Enterprise Programs
 - b. Demonstrated successful implementation of Parking Enforcement Enterprise; improving services while continuing to cover costs at the same time supporting the City’s economic and safety objectives. Expanded parking enforcement services to weekends and early evenings.
 - c. Indexed the rates in the Downtown Parking District to reduce dependence of the enterprise on the City General Fund.
 - d. Transitioned to a new parking citation management vendor
 - e. Prepared a facility condition assessment report for both Downtown garages to identify deferred maintenance and probable costs to repair
2. Utilized Geographic Information Systems (GIS) for spatial analysis. Spatial analysis lets staff evaluate suitability and capability, estimate, predict, interpret, and understand data. This capability is delivered to all City Departments to provide new perspectives to data driven decision-making.
3. Implemented innovative and emerging technology solutions to increase efficiency and effectiveness of City services.
4. Plan of EV stations transformer for the ITC center.
5. Embarked upon the development of a Community-Based Public/Private Partnership (P3) process to potentially fund green infrastructure projects throughout the City.

6. Developing Proposition 26 fees to fund the costs of NPDES inspection and plan review activities.
7. Continuing Implementation of the City Traffic Fee Ordinance.
8. Completed draft final plans for the Sherwood/Front St Adaptive Traffic Signal System Project.
9. Implemented measures to more closely track revenue and manage the City's Franchise Agreement for Solid Waste Services.

Excellent Infrastructure

1. Completed Mitigated Negative Declaration for Boronda Road Improvements which provides increase capacity to four lanes and 5 new roundabouts at key intersections.
2. Begin construction of 2021 Chip Seal project City Wide.
3. Complete 80% design of San Juan Grade Road rehabilitation.
4. Continuing Development of City's Active Transportation Plan.
5. Continue identifying funding for improvements for implementation of the East Alisal Corridor Plan.
6. Secured grant funding to stretch transportation dollars.
7. Hired consultant to update City Standard Plans and Specifications.
8. Updated Pavement Management System for future road maintenance.
9. Applied for HSIP Grants to fund a part of Williams Road Improvements.
10. Refreshed over 17,000 linear feet of crosswalks.
11. Complete Design of 2021 Slurry Seal Project City Wide.
12. Complete Design of Montebella Subdivision Slurry Seal project.
13. Complete Construction of East Alvin Drive Safe Routes to School Project.
14. Complete construction for North Main/Navajo traffic signal project.
15. Complete Construction of Downtown Complete Street Project.

16. Awarded the bid for the traffic signal at Alisal Street and Murphy Street.
17. Adopted the Vision Zero Plan to reduce severe injuries and fatalities on city streets.
18. Completed sludge removal project at the Industrial Wastewater Treatment Facility.

Labor Relations

The City completed negotiations with the two Fire units, the International Association of Fire Fighters (IAFF) and the Fire Supervisors Association. New Compensation Plans were approved for the unrepresented units consisting of Confidential Management, Confidential Non-Management, and most recently in February 2023, Department Directors. The City's negotiation team is starting negotiations with the three Service Employees International Union (SEIU) Local 521 units and with the Association of Management Personnel of Salinas (AMPS) on March 1, 2023. The MOUs for those four units expire June 30, 2023. The Salinas Police Officers Association MOU expires December 31, 2023.

Acknowledgements

The preparation of this Annual Financial Report could not have been accomplished without the professional, efficient, and dedicated service of the staff of the Finance Department. In particular, I would like to acknowledge and give a very special thanks to Accounting Manager, Eric Burl, and Finance Management Analyst, Abe Pedroza, both of whom are dedicated to the sound fiscal management of the City. The entire Finance staff deserves a special word of thanks for another year of hard work and quality performance. I also wish to thank our auditors, The Pun Group LLP, Accountants & Advisors, for their diligence, cooperation and assistance.

Sincere appreciation is also expressed to the City Manager and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible, sustainable and progressive manner.

Respectfully submitted,



Jim Pia

Assistant City Manager / Acting Finance Director

City of Salinas

List of Principal Officials



Kimbley Craig

Mayor

Carla Viviana Gonzalez

Councilmember
District 1

Tony Barrera

Councilmember
District 2

Steve McShane

Councilmember
District 3

Steven S. Carrigan

City Manager

Jim Pia

Assistant City Manager

Kristan Lundquist

Library and Community
Services Director

Roberto Filice

Chief of Police

Mark Roberts

Finance Director

Orlando Osornio

Councilmember
District 4

Christie Cromeenes

Councilmember
District 5

Anthony Rocha

Councilmember
District 6

Christopher A. Callihan

City Attorney

David Jacobs

Public Works Director

Megan Hunter

Community
Development Director

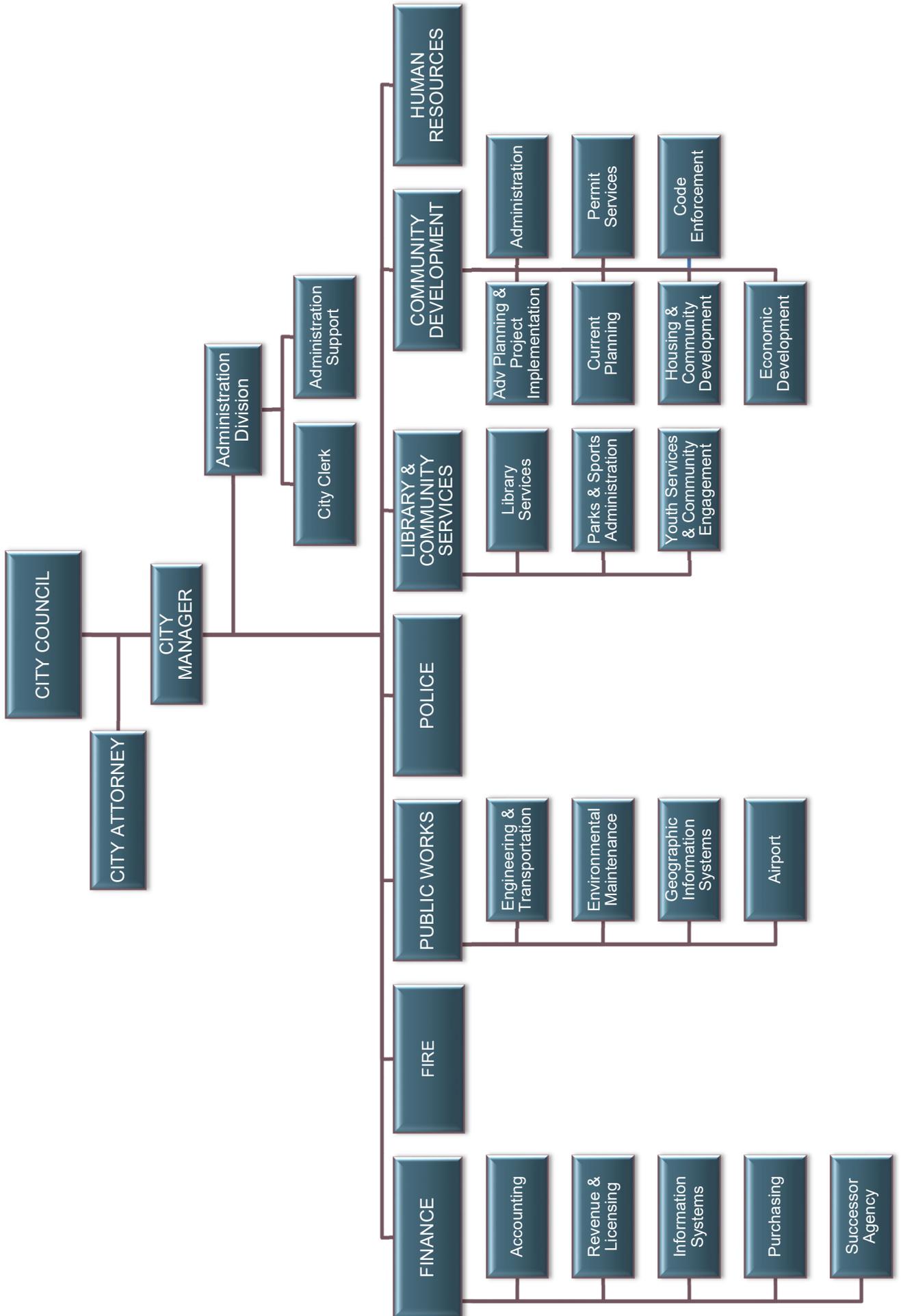
Sam Klemek

Fire Chief

Marina Horta-Gallegos

Human Resources
Director

CITY OF SALINAS Organizational Chart



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, 2022, 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, 2022, 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 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.

Emphasis of Matters

Implementation of GASB Statement No. 87

As described in Note 1Z and 8 to the financial statements, the City implemented GASB Statement No. 87, *Leases*. The implementation of GASB Statement No. 87 requires the City to record leases receivable and corresponding lease-related deferred inflows of resources for all leases in excess of one year. Our opinion is not modified with respect to this matter.

Prior Period Adjustments

As described in Note 23, certain prior period adjustments have been made in order to reclassify certain special revenue funds and enterprise funds into the General Fund. Our opinion is not modified with respect to this matter.

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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 September 12, 2023, 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.



Santa Ana, California
September 12, 2023

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CITY OF SALINAS
Management's Discussion and Analysis
Fiscal Year ended June 30, 2022

This analysis of the City of Salinas (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to the financial statements.

A. FINANCIAL HIGHLIGHTS

- At June 30, 2022, the City's net position (excess of assets over liabilities) was \$226.1 million. Of this amount, \$329.1 million are invested in capital assets and restricted assets, which is offset by a deficit of \$103.0 million classified as unrestricted assets.
- During the fiscal year ended June 30, 2022, the City's total net position increased by \$25.5 million from various sources.
- During the fiscal year fund balances increased \$7.5 million to \$143.3 million for governmental funds, of which \$137.0 million is either nonspendable, restricted, committed, or assigned and thus unavailable, leaving \$6.3 million as unassigned and available.
- During the fiscal year the General Fund, Measure E, and Measure G fund balance increased \$7.5 million to \$69.9 million of which \$60.3 million is either nonspendable, restricted, committed, or assigned. Unassigned General Fund, Measure E & Measure G fund balance was \$9.6 million.
- The City's total liabilities decreased by \$66.3 million during the current fiscal year. Governmental Activities decreased by \$59.6 million, and Business-type Activities decreased by \$6.7 million. The long-term debt decreased \$103.2 million primarily as a result of the actuarial valuation of the CalPERS retirement system which decreased the Net Pension Liability by \$73.4 million. This decrease in long-term debt was offset by increases in other liabilities.
- The City's capital assets, net of depreciation, decreased \$8.7 million to \$407.2 million.
- During the fiscal year \$25 million in Net position was reclassified from business-type activities to governmental activities due to an accounting change.

B. OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are 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 (Continued)
Fiscal Year ended June 30, 2022

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, Golf Courses, Sanitary Sewer, Hitchcock Water Utility, Storm Sewer, Permit Service, Landfill and Parking District activities are reported as business-type activities.

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.

CITY OF SALINAS
Management's Discussion and Analysis (Continued)
Fiscal Year ended June 30, 2022

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 fund 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, Golf Courses, Sanitary Sewer, Parking, Hitchcock Water Well Utility, Storm Sewer, Permit Services and Landfill 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.

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.

CITY OF SALINAS
Management's Discussion and Analysis (Continued)
Fiscal Year ended June 30, 2022

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 increased \$25.5 million (12.7%) over the prior year from \$201.1 to \$226.1 million.

At June 30, 2022, the largest portion of net position (112%) consists of the City's investment in capital assets net of related debt. This component portrays 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 (Continued)
Fiscal Year ended June 30, 2022

The following is the Condensed Statement of Net Position for the fiscal years ended June 30, 2022 and 2021:

City of Salinas
Condensed Statements of Net Position
June 30, 2022

	Governmental Activities		Business-type Activities		Total		Percent of Total
	2022	2021	2022	2021	2022	2021	
Assets:							
Current assets	\$ 252,665,852	\$ 196,759,576	\$ 18,311,311	\$ 12,424,184	\$ 270,977,163	\$ 209,183,760	38.6 %
Other assets	19,100,010	31,380,413	5,161,303	139,120	24,261,313	31,519,533	3.5 %
Capital assets, net	334,963,510	305,549,059	72,245,474	110,385,369	407,208,984	415,934,428	58.0 %
Total assets	606,729,372	533,689,048	95,718,088	122,948,673	702,447,460	656,637,721	100.0 %
Deferred outflows of resources							
Related to pension and OPEB	38,677,100	50,927,609	924,257	1,414,097	39,601,357	52,341,706	98.5 %
Loss on refunding of debt	513,705	554,334	103,051	722,009	616,756	1,276,343	1.5 %
Total deferred outflows of resources	39,190,805	51,481,943	1,027,308	2,136,106	40,218,113	53,618,049	100.0 %
Liabilities:							
Current liabilities	10,338,086	13,779,497	2,796,129	1,024,177	13,134,215	14,803,674	3.0 %
Other liabilities	63,428,897	34,814,156	2,785,000	-	66,213,897	34,814,156	15.3 %
LTD - due in one year	17,738,848	10,022,245	1,746,577	2,270,794	19,485,425	12,293,039	4.5 %
Long-term liabilities	308,075,303	400,600,059	25,896,303	36,604,855	333,971,606	437,204,914	77.2 %
Total liabilities	399,581,134	459,215,957	33,224,009	39,899,826	432,805,143	499,115,783	100.0 %
Deferred inflows of resources							
Related to pension, OPEB and leases	76,477,688	9,688,905	7,302,468	314,451	83,780,156	10,003,356	100.0 %
Gain on refunding of debt	-	13,862	-	-	-	13,862	-
Total deferred inflows of resources	76,477,688	9,702,767	7,302,468	314,451	83,780,156	10,017,218	100.0 %
Net Position:							
Net investment in Capital Assets	204,559,079	167,726,772	47,973,525	77,467,957	252,532,604	245,194,729	111.7 %
Restricted	76,573,216	80,741,294	-	6,807	76,573,216	80,748,101	33.9 %
Unrestricted	(111,270,940)	(132,215,799)	8,245,394	7,395,738	(103,025,546)	(124,820,061)	(45.6)%
Total Net Position	\$ 169,861,355	\$ 116,252,267	\$ 56,218,919	\$ 84,870,502	\$ 226,080,274	\$ 201,122,769	100.0 %

CITY OF SALINAS
Management's Discussion and Analysis (Continued)
Fiscal Year ended June 30, 2022

Statement of Activities

The following is the Condensed Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2022 and 2021

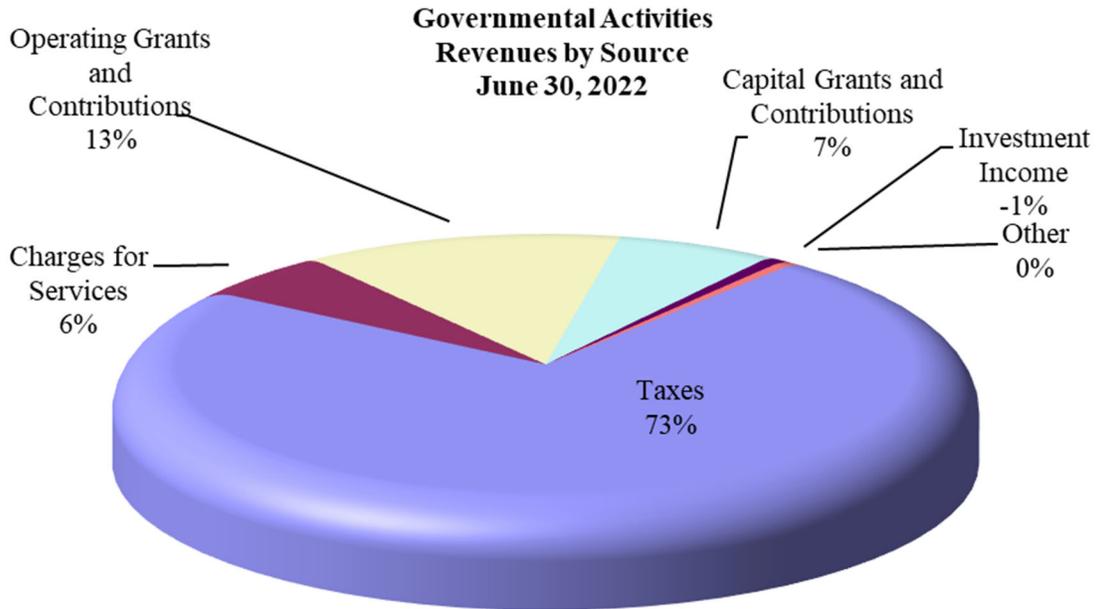
City of Salinas						
Condensed Statement of Activities and Changes in Net Position						
For the Fiscal Year Ended June 30, 2022						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Services	\$ 12,087,995	\$ 9,531,993	\$ 13,657,537	\$ 12,364,295	\$ 25,745,532	\$ 21,896,288
Operating Grants & Contributions	28,921,586	28,601,755	-	901	28,921,586	28,602,656
Capital Grants & Contributions	14,445,606	8,984,014	-	947,593	14,445,606	9,931,607
General Revenues:						
Taxes	157,348,620	144,501,118	-	-	157,348,620	144,501,118
Unrestricted Investment Earnings	(1,572,611)	777,268	(37,810)	87,962	(1,610,421)	865,230
Gain on Disposal of Assets	(34,879)	10,926	-	26,200	(34,879)	37,126
Payment from Fiduciary Fund			951,900	-	951,900	-
Miscellaneous	1,220,103	1,834,421	1,662,671	-	2,882,774	1,834,421
Total Revenues	<u>212,416,420</u>	<u>194,241,495</u>	<u>16,234,298</u>	<u>13,426,951</u>	<u>228,650,718</u>	<u>207,668,446</u>
Expenses						
General Government	43,209,427	32,620,008	3,386,841	2,289,202	46,596,268	34,909,210
Public Safety	91,246,533	100,731,223	-	-	91,246,533	100,731,223
Public Works	34,883,172	25,350,203	11,549,620	16,639,681	46,432,792	41,989,884
Recreation	8,022,645	4,185,382	-	496,722	8,022,645	4,682,104
Library	5,377,321	5,079,784	-	-	5,377,321	5,079,784
Interest	4,808,025	4,954,767	709,198	-	5,517,223	4,954,767
Total Expenses	<u>187,547,123</u>	<u>172,921,367</u>	<u>15,645,659</u>	<u>19,425,605</u>	<u>203,192,782</u>	<u>192,346,972</u>
Increase (decrease) in Net Position before Contributions and Transfers						
Transfers	24,869,297	21,320,128	588,639	(5,998,654)	25,457,936	15,321,474
Transfers	4,243,402	(3,524,360)	(4,243,402)	3,524,360	-	-
	<u>4,243,402</u>	<u>(3,524,360)</u>	<u>(4,243,402)</u>	<u>3,524,360</u>	<u>-</u>	<u>-</u>
Increase (decrease) in Net Position	<u>29,112,699</u>	<u>17,795,768</u>	<u>(3,654,763)</u>	<u>(2,474,294)</u>	<u>25,457,936</u>	<u>15,321,474</u>
Net Position - Beginning of Year	116,252,267	98,456,499	84,870,502	85,740,574	201,122,769	184,197,073
Prior Period Adjustment	24,496,389	-	(24,996,820)	-	(500,431)	-
Net Position - Beginning of Year as restated	<u>140,748,656</u>	<u>98,456,499</u>	<u>59,873,682</u>	<u>87,344,796</u>	<u>200,622,338</u>	<u>185,801,295</u>
Net Position - Ending	<u>\$ 169,861,355</u>	<u>\$ 116,252,267</u>	<u>\$ 56,218,919</u>	<u>\$ 84,870,502</u>	<u>\$ 226,080,274</u>	<u>\$ 201,122,769</u>

Total revenues increased from the prior year by \$21.0 million, or 10.1% and total expenses increased by \$10.8 million from prior year, or 5.6%. Further analysis is provided within the governmental and business-type activities sections.

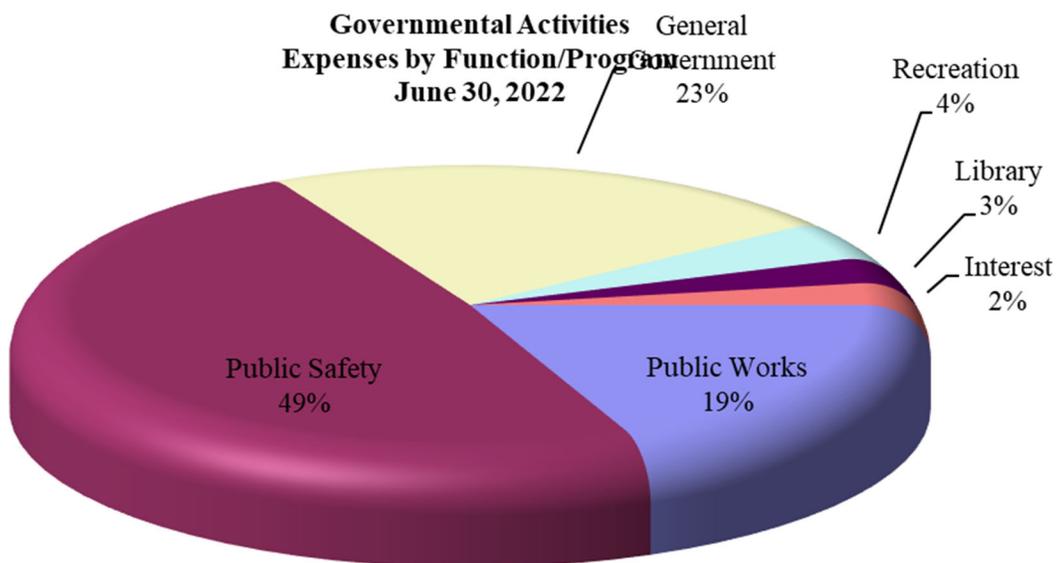
CITY OF SALINAS
 Management's Discussion and Analysis (Continued)
 Fiscal Year ended June 30, 2022

Governmental Activities

Governmental activities resources total \$212.4 million. The City's governmental activities increased net position by \$29.1 million. The following charts highlight the sources of revenues and purpose of expenses:



Total expenses for governmental activities, excluding transfers and contributions, were \$187.5 million including interest on long-term debt of \$4.8 million.



CITY OF SALINAS
Management's Discussion and Analysis (Continued)
Fiscal Year ended June 30, 2022

Functional expenses for the year ended June 30, 2022 were as follows:

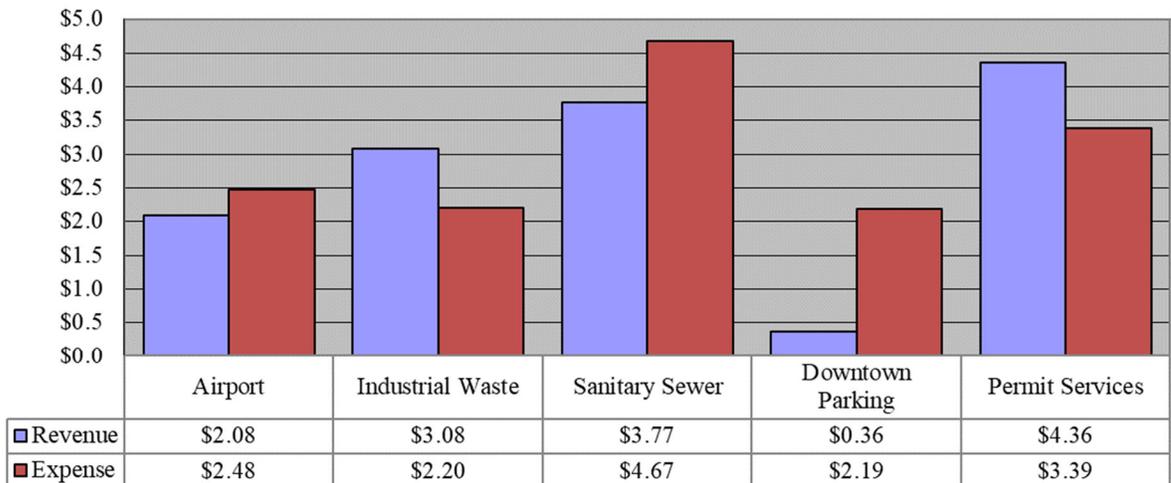
	Total Cost of Services	Percent	Net Cost of Services	Percentage
General government	\$ 43,209,427	23.0 %	\$ 13,706,071	10.4 %
Public safety	91,246,533	48.7 %	86,324,078	65.4 %
Public works	34,883,172	18.6 %	14,887,126	11.3 %
Recreation	8,022,645	4.3 %	7,503,502	5.7 %
Library	5,377,321	2.9 %	4,863,134	3.7 %
Interest	4,808,025	2.6 %	4,808,025	3.6 %
Total	\$ 187,547,123	100 %	\$ 132,091,936	100 %

Public safety continues to be the single highest expense for the City followed by general government. Net cost of services, after subtracting fees and grant revenues total \$132.1 million.

Business-Type Activities

The City's business-type activities net position was \$56.2 million, a decrease of \$3.6 million for the fiscal year. Total revenues for business-type activities were \$13.6 million. Total expenses for the business-type activities were \$14.9 million during FY 2021-22.

**Business -Type Activities
Revenues, Expenses (in millions)
June 30, 2022**



CITY OF SALINAS
Management's Discussion and Analysis (Continued)
Fiscal Year ended June 30, 2022

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 \$143.3 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, \$79.0 million was restricted fund balance the use of which is constrained by external parties, resource providers, constitutions or enabling legislations. Fund balance of \$38.5 million was committed the 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 \$7.5 million in FY 2021-22 to \$69.9 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 \$36.4 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 \$15.3 million has been allocated by the City Council for specific capital and operational needs. The remaining fund balance of \$9.5 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.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General, Measure E, and Measure G Fund revenue budget, including transfers in, totaled \$154.8 million and the expenditure budget totaled \$183.1 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 \$22.0 million, of which \$19.9 million were related to transfers for capital projects and \$2.1 million in operational changes. Estimated revenue were not adjusted.

CITY OF SALINAS
Management's Discussion and Analysis (Continued)
Fiscal Year ended June 30, 2022

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, 2022 and 2021:

City of Salinas' Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 25,899,986	\$ 25,899,986	\$ 3,632,339	\$ 3,632,339	\$ 29,532,325	\$ 29,532,325
Buildings	135,129,108	46,337,340	25,888,821	27,523,054	161,017,929	73,860,394
Improvements	50,677,352	15,766,022	15,461,105	26,708,254	66,138,457	42,474,276
Equipment	45,951,417	42,133,934	7,779,509	9,332,629	53,730,926	51,466,563
Infrastructure	421,150,155	255,168,975	102,709,198	237,688,120	523,859,353	492,857,095
Right-to-use assets	539,511	-	-	-	539,511	-
Construction in Progress	24,424,091	159,896,482	2,947,566	5,259,442	27,371,657	165,155,924
	703,771,620	545,202,739	158,418,538	307,895,568	862,190,158	855,346,577
Accumulated Depreciation	(368,808,110)	(239,653,680)	(86,173,064)	(199,758,469)	(454,981,174)	(439,412,149)
	\$ 334,963,510	\$ 305,549,059	\$ 72,245,474	\$ 113,916,612	\$ 407,208,984	\$ 415,934,428

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, 2022, net capital assets of the Governmental Activities totaled \$334.9 million and the net capital assets of the Business-type Activities totaled \$72.2 million. During FY 2002-03, American Appraisal Associates were hired to conduct an inventory and valuation of all the City's capital assets. 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.

Governmental activities total assets increased by acquired \$158.6 million. of which \$152.0 million are capital assets that were reclassified from business-type activities to governmental activities. with an offsetting impact on business-type activities.

CITY OF SALINAS
Management's Discussion and Analysis (Continued)
Fiscal Year ended June 30, 2022

Long-Term Obligations

As of June 30, 2022, the City had \$341.5 million in long-term debt.

City of Salinas' Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Annual Leave	\$ 9,299,959	\$ 12,375,926	\$ 438,310	\$ 607,904	\$ 9,738,269	\$ 12,983,830
Insurance Claims	31,290,195	29,813,871	-	-	31,290,195	29,813,871
Capital Leases	51,414,419	65,977,431	8,413,000	9,703,167	59,827,419	75,680,598
Loans and Notes	-	-	1,015,000	1,953,000	1,015,000	1,953,000
Revenue Bonds	-	-	13,310,000	14,425,000	13,310,000	14,425,000
Certificates of Participation	56,590,000	55,620,000	-	6,260,000	56,590,000	61,880,000
Assessment District Bonds	7,715,000	8,970,000	-	-	7,715,000	8,970,000
Unamortized Bond Premium	7,092,128	7,548,231	-	272,085	7,092,128	7,820,316
Unamortized Bond Discount	(330,999)	(344,239)	-	-	(330,999)	(344,239)
Subtotal	163,070,702	179,961,220	23,176,310	33,221,156	186,247,012	213,182,376
Net OPEB Liability	16,238,956	23,275,132	819,308	1,486,473	17,058,264	24,761,605
Net Pension Liability	136,255,627	207,385,952	1,900,685	4,168,020	138,156,312	211,553,972
Total outstanding debt	<u>\$ 315,565,285</u>	<u>\$ 410,622,304</u>	<u>\$ 25,896,303</u>	<u>\$ 38,875,649</u>	<u>\$ 341,461,588</u>	<u>\$ 449,497,953</u>

Further details on the City of Salinas' long-term debt can be found in Note 18 to the financial statements.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's underlying structural deficit reported last year has improved. The main reason for the structural deficit, where the expenditure growth exceeds the revenue growth continually each year, is a result of the compensation costs growing faster than the projected revenue. Controlling the main cost drivers of wages, pension, health insurance, and workers' compensation continues to be the key to managing this projected problem. Additionally, the position of the nation, state and local economy, and any recessionary factors, will influence future budgets. The City has been implementing the Salinas Plan and is achieving results that are helping with the structural deficit, such as eliminating flex and management leave for all thirteen bargaining units, saving around \$2,316,000 each year going forward.

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 section of this budget.

CITY OF SALINAS
Management's Discussion and Analysis (Continued)
Fiscal Year ended June 30, 2022

Major Projects and Funding

Amid challenges, the City continues deploying funds for various project City-wide. The City recently 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.

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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 216,282,792	\$ 16,403,450	\$ 232,686,242
Receivables, net of allowance:			
Accounts receivable, net	504,354	1,434,329	1,938,683
Taxes receivable	19,437,488	-	19,437,488
Assessments receivable	8,290,000	-	8,290,000
Due from outside agencies	12,880,254	-	12,880,254
Leases receivable	561,725	429,471	991,196
Interest receivable	1,243,616	44,061	1,287,677
Internal balances:			
Due from (to) other funds	1,755,623	(1,755,623)	-
Advances to (from) other funds	2,785,000	(2,785,000)	-
Total current assets	263,740,852	13,770,688	277,511,540
Noncurrent assets:			
Restricted cash and investments	1,077,537	6,987	1,084,524
Receivables, net of allowance:			
Loans receivable	83,139	-	83,139
Leases receivable	5,484,334	5,154,316	10,638,650
Land and properties held for resale	1,380,000	-	1,380,000
Capital assets:			
Non-depreciable	50,324,077	6,579,905	56,903,982
Depreciable, net	284,639,433	65,665,569	350,305,002
Total capital assets	334,963,510	72,245,474	407,208,984
Total noncurrent assets	342,988,520	77,406,777	420,395,297
Total assets	606,729,372	91,177,465	697,906,837
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	33,428,945	659,470	34,088,415
Related to OPEB	5,248,155	264,787	5,512,942
Loss on refunding of debt	513,705	103,051	616,756
Total deferred outflows of resources	39,190,805	1,027,308	40,218,113

City of Salinas
Statement of Net Position (Continued)
June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	9,644,490	731,799	10,376,289
Interest payable	647,315	259,822	907,137
Deposits payable	46,281	48,885	95,166
Unearned revenue	63,428,897	-	63,428,897
Long-term debt - due within one year	7,923,883	1,637,000	9,560,883
Compensated absences - due within one year	2,324,983	109,577	2,434,560
Insurance claims payable - due within one year	7,489,982	-	7,489,982
Total current liabilities	91,505,831	2,787,083	94,292,914
Noncurrent liabilities:			
Long-term debt - due in more than one year	122,480,548	22,738,000	145,218,548
Compensated absences - due in more than one year	9,299,959	438,310	9,738,269
Insurance claims payable - due in more than one year	23,800,213	-	23,800,213
Net pension liability	136,255,627	1,900,685	138,156,312
Net OPEB liability	16,238,956	819,308	17,058,264
Total noncurrent liabilities	308,075,303	25,896,303	333,971,606
Total liabilities	399,581,134	28,683,386	428,264,520
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	59,208,218	1,264,352	60,472,570
Related to OPEB	11,250,198	567,609	11,817,807
Related to leases	6,019,272	5,470,507	11,489,779
Total deferred inflows of resources	76,477,688	7,302,468	83,780,156
NET POSITION			
Net investment in capital assets	204,559,079	47,973,525	252,532,604
Restricted for:			
Housing	1,169,045	-	1,169,045
Capital projects	14,678,399	-	14,678,399
Public safety	2,520,642	-	2,520,642
Highways and streets	24,061,474	-	24,061,474
Debt service	4,856,210	-	4,856,210
Special programs	29,287,446	-	29,287,446
Total restricted	76,573,216	-	76,573,216
Unrestricted (deficit)	(111,270,940)	8,245,394	(103,025,546)
Total net position	\$ 169,861,355	\$ 56,218,919	\$ 226,080,274

City of Salinas
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 43,209,427	\$ 5,304,557	\$ 20,842,717	\$ 3,356,082	\$ 29,503,356
Public safety	91,246,533	2,173,480	2,720,849	28,126	4,922,455
Public works	34,883,172	4,471,602	4,475,055	11,049,389	19,996,046
Recreation	8,022,645	99,873	407,261	12,009	519,143
Library	5,377,321	38,483	475,704	-	514,187
Interest on long-term debt	4,808,025	-	-	-	-
Total governmental activities	187,547,123	12,087,995	28,921,586	14,445,606	55,455,187
Business-type activities:					
Airport	2,481,106	2,083,091	-	-	2,083,091
Industrial Waste	2,200,902	3,079,518	-	-	3,079,518
Sanitary Sewer	4,673,935	3,773,089	-	-	3,773,089
Downtown Parking District	2,193,677	362,087	-	-	362,087
Permit Services	3,386,841	4,359,752	-	-	4,359,752
Total business-type activities	14,936,461	13,657,537	-	-	13,657,537
Total primary government	\$ 202,483,584	\$ 25,745,532	\$ 28,921,586	\$ 14,445,606	\$ 69,112,724

City of Salinas
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (13,706,071)	\$ -	\$ (13,706,071)
Public safety	(86,324,078)	-	(86,324,078)
Public works	(14,887,126)	-	(14,887,126)
Recreation	(7,503,502)	-	(7,503,502)
Library	(4,863,134)	-	(4,863,134)
Interest on long-term debt	(4,808,025)	(709,198)	(5,517,223)
Total governmental activities	(132,091,936)	(709,198)	(132,801,134)
Business-type activities:			
Airport	-	(398,015)	(398,015)
Industrial Waste	-	878,616	878,616
Sanitary Sewer	-	(900,846)	(900,846)
Downtown Parking District	-	(1,831,590)	(1,831,590)
Permit Services	-	972,911	972,911
Total business-type activities	-	(1,278,924)	(1,278,924)
Total primary government	(132,091,936)	(1,988,122)	(134,080,058)
General Revenues and Transfers:			
General revenues:			
Taxes:			
Property taxes	34,755,630	-	34,755,630
Sales taxes	88,968,698	-	88,968,698
Utility user tax	12,106,526	-	12,106,526
Business tax	17,835,145	-	17,835,145
Transient occupancy tax	3,682,621	-	3,682,621
Total taxes	157,348,620	-	157,348,620
Revenue from Fiduciary Funds	-	951,900	951,900
Investment earnings (loss)	(1,572,611)	(37,810)	(1,610,421)
Gain (loss) on sale of capital assets	(34,879)	-	(34,879)
Miscellaneous revenue	1,220,103	1,662,671	2,882,774
Transfers	4,243,402	(4,243,402)	-
Total general revenues and transfers	161,204,635	(1,666,641)	159,537,994
Change in net position	29,112,699	(3,654,763)	25,457,936
Net Position:			
Beginning of year, as restated (Note 23)	140,748,656	59,873,682	200,622,338
End of year	\$ 169,861,355	\$ 56,218,919	\$ 226,080,274

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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.

City of Salinas
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds				Total Governmental Funds
	General Fund	American Rescue Plan Act (ARPA) Special Revenue	Housing and Urban Development Grant Special Revenue Fund	Nonmajor Governmental Funds	
ASSETS					
Cash and investments	\$ 61,594,027	\$ 51,179,200	\$ 4,961,985	\$ 74,555,184	\$ 192,290,396
Receivables, net:					
Accounts	504,354	-	-	-	504,354
Taxes	19,437,488	-	-	-	19,437,488
Interest	223,832	-	874	1,001,872	1,226,578
Due from outside agencies	75,000	-	5,111,387	7,693,867	12,880,254
Assessments	-	-	-	8,290,000	8,290,000
Leases	2,004,626	-	-	4,041,433	6,046,059
Due from other funds	8,106,123	-	-	1,364,533	9,470,656
Advances to other funds	2,785,000	-	-	-	2,785,000
Restricted cash and investments	-	-	-	686,637	686,637
Loans and notes receivable, net of allowance	-	-	66,568	16,571	83,139
Land and properties held for resale	-	-	-	1,380,000	1,380,000
Total assets	\$ 94,730,450	\$ 51,179,200	\$ 10,140,814	\$ 99,030,097	\$ 255,080,561
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,553,370	\$ 303,271	\$ 1,078,166	\$ 2,546,746	\$ 9,481,553
Due to other funds	17,171,126	-	4,012,495	3,362,874	24,546,495
Deposits payable	46,281	-	-	-	46,281
Unearned revenues	-	50,875,929	4,078,807	8,474,161	63,428,897
Total liabilities	22,770,777	51,179,200	9,169,468	14,383,781	97,503,226
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	3,743,533	4,487,104	8,230,637
Lease-related deferred inflows	1,975,003	-	-	4,044,269	6,019,272
Total deferred inflows of resources	1,975,003	-	3,743,533	8,531,373	14,249,909
Fund Balances (Deficit):					
Nonspendable	2,785,000	-	66,568	1,396,571	4,248,139
Restricted	6,000,000	-	-	73,000,753	79,000,753
Committed	36,365,323	-	-	2,141,985	38,507,308
Assigned	15,266,804	-	-	-	15,266,804
Unassigned (deficit)	9,567,543	-	(2,838,755)	(424,366)	6,304,422
Total fund balances (deficit)	69,984,670	-	(2,772,187)	76,114,943	143,327,426
Total liabilities, deferred inflows of resources, and fund balances	\$ 94,730,450	\$ 51,179,200	\$ 10,140,814	\$ 99,030,097	\$ 255,080,561

City of Salinas
Reconciliation of the Governmental Funds Balance Sheet
To the Government-Wide Statement of Net Position
June 30, 2022

Total Fund Balances - Total Governmental Funds \$ 143,327,426

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	
Depreciable/amortizable, net	284,639,433
Total capital assets	284,639,433

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.

8,230,637

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 \$26,138 reported in the Internal Service Funds	(2,298,845)
Compensated absences - due in more than one year, net of \$104,548 reported in the Internal Service Funds	(9,195,411)
Insurance claims payable - due in more than one year	(1,638,485)
Long-term debt - due within one year	(7,923,883)
Long-term debt - due in more than one year	(122,480,548)
Total long-term liabilities	(143,537,172)

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	513,705
Total	513,705

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.

(647,315)

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 \$696,803 reported in the Internal Service Funds	(135,558,824)
Net OPEB liability, net of \$274,297 reported in the Internal Service Funds	(15,964,659)
Total net pension liability and net OPEB liability	(151,523,483)

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 \$241,766 reported in the Internal Service Funds	33,187,179
Deferred outflows of resources related to OPEB, net of \$88,648 reported in the Internal Service Funds	5,159,507
Total deferred outflows of resources	38,346,686

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 \$463,519 reported in the Internal Service Funds	(58,744,699)
Deferred inflows of resources related to OPEB, net of \$190,030 reported in the Internal Service Funds	(11,060,168)
Total deferred inflows of resources	(69,804,867)

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.

9,992,228

Net Position of Governmental Activities **\$ 119,537,278**

City of Salinas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds				Total Governmental Funds
	General Fund	American Rescue Plan Act (ARPA) Special Revenue	Housing and Urban Development Grant Special Revenue Fund	Nonmajor Governmental Funds	
REVENUES:					
Taxes	\$ 145,835,874	\$ -	\$ -	\$ 535,460	\$ 146,371,334
Taxes - special assessments	-	-	-	749,723	749,723
Licenses and permits	11,477,723	-	-	178,135	11,655,858
Intergovernmental	1,301,666	691,383	7,313,240	34,197,628	43,503,917
Charges for services	5,233,403	-	-	2,546,586	7,779,989
Investment income (loss)	(1,406,103)	-	(4,637)	(810,543)	(2,221,283)
Rental income	325,113	-	-	271,903	597,016
Fines and forfeitures	426,149	-	-	310,441	736,590
Miscellaneous	1,014,576	-	585,715	3,605,272	5,205,563
Total revenues	164,208,401	691,383	7,894,318	41,584,605	214,378,707
EXPENDITURES:					
Current:					
General government	17,192,429	415,764	9,757,121	13,675,288	41,040,602
Public safety	82,456,087	2,986	-	3,798,288	86,257,361
Public works	12,877,048	224,521	-	8,305,410	21,406,979
Recreation	5,578,195	-	-	625,184	6,203,379
Library	4,401,235	-	-	358,281	4,759,516
Capital outlay	442,723	48,112	38,097	17,509,971	18,038,903
Debt service:					
Principal	655,441	-	-	14,512,279	15,167,720
Interest and fiscal charges	217,285	-	-	5,257,521	5,474,806
Total expenditures	123,820,443	691,383	9,795,218	64,042,222	198,349,266
REVENUES OVER (UNDER) EXPENDITURES	40,387,958	-	(1,900,900)	(22,457,617)	16,029,441
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	1	-	-	-	1
Transfers in	1,979,099	-	4,424	34,029,963	36,013,486
Transfers out	(34,881,666)	-	-	(9,669,718)	(44,551,384)
Total other financing sources (uses)	(32,902,566)	-	4,424	24,360,245	(8,537,897)
NET CHANGE IN FUND BALANCES	7,485,392	-	(1,896,476)	1,902,628	7,491,544
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (Note 23)	62,499,278	-	(875,711)	74,212,315	135,835,882
End of year	<u>\$ 69,984,670</u>	<u>\$ -</u>	<u>\$ (2,772,187)</u>	<u>\$ 76,114,943</u>	<u>\$ 143,327,426</u>

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 7,491,544

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.	7,438,217
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.	(12,950,024)
Retirement of capital assets created a loss on the Government-Wide Statement of Activities and Changes in Net Position.	(34,880)
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	15,167,720
Amortization of bond premium	(714,948)
GASB 87 activity for did not require the use of current financial resources.	(286,243)
Interest expenses 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.	50,816
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.	966,792
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.	143,745
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.	(61,405)
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.	6,038,727
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.	(236,222)
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.	6,098,860

Change in Net Position of Governmental Activities \$ 29,112,699

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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, 2022

	Major Enterprise Funds			
	Airport	Industrial Waste	Sanitary Sewer	Parking District
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,007,103	\$ 8,933,064	\$ 1,377,472	\$ 764,768
Receivables, net:				
Accounts	118,435	347,872	818,958	148,766
Accrued interest	22,363	13,070	2,512	-
Leases receivable	429,471	-	-	-
Due from other funds	-	-	-	-
Total current assets	<u>2,577,372</u>	<u>9,294,006</u>	<u>2,198,942</u>	<u>913,534</u>
Noncurrent assets:				
Restricted cash and investments	-	-	6,987	-
Leases receivable, long term	5,154,316	-	-	-
Capital assets:				
Non-depreciable	2,436,613	1,648,802	2,475,732	18,758
Depreciable, net	14,192,734	13,452,315	30,738,486	7,229,914
Total capital assets	<u>16,629,347</u>	<u>15,101,117</u>	<u>33,214,218</u>	<u>7,248,672</u>
Total noncurrent assets	<u>21,783,663</u>	<u>15,101,117</u>	<u>33,221,205</u>	<u>7,248,672</u>
Total assets	<u>24,361,035</u>	<u>24,395,123</u>	<u>35,420,147</u>	<u>8,162,206</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	109,932	65,947	263,788	-
Related to OPEB	43,277	33,574	81,757	6,119
Loss on refunding of debt	-	-	-	103,051
Total deferred outflows of resources	<u>153,209</u>	<u>99,521</u>	<u>345,545</u>	<u>109,170</u>
LIABILITIES				
Current liabilities:				
Accounts payable	105,856	222,732	172,883	108,271
Interest payable	-	16,625	124,077	119,120
Due to other funds	-	26,220	12,123	1,705,208
Deposits payable	48,885	-	-	-
Compensated absences - due within one year	18,357	10,612	31,561	790
Long-term debt - due within one year	-	478,000	560,000	599,000
Insurance claims payable - due within one year	-	-	-	-
Total current liabilities	<u>173,098</u>	<u>754,189</u>	<u>900,644</u>	<u>2,532,389</u>
Noncurrent liabilities:				
Advances from other funds	-	-	-	2,785,000
Compensated absences - due in more than one year	73,427	42,450	126,242	3,164
Long term debt - due in more than one year	-	1,015,000	13,310,000	8,413,000
Insurance claims payable - due in more than one year	-	-	-	-
Net pension liability	316,839	190,069	760,274	-
Net OPEB liability	133,907	103,885	252,974	18,935
Total noncurrent liabilities	<u>524,173</u>	<u>1,351,404</u>	<u>14,449,490</u>	<u>11,220,099</u>
Total liabilities	<u>697,271</u>	<u>2,105,593</u>	<u>15,350,134</u>	<u>13,752,488</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	210,764	126,435	505,741	-
Related to OPEB	92,770	71,970	175,258	13,118
Related to leases	5,470,507	-	-	-
Total deferred inflows of resources	<u>5,774,041</u>	<u>198,405</u>	<u>680,999</u>	<u>13,118</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	16,629,347	13,608,117	19,344,218	(1,660,277)
Unrestricted	1,413,585	8,582,529	390,341	(3,833,953)
Total net position (deficit)	<u>\$ 18,042,932</u>	<u>\$ 22,190,646</u>	<u>\$ 19,734,559</u>	<u>\$ (5,494,230)</u>

See accompanying Notes to the Basic Financial Statements.

City of Salinas
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022

	Permit Services	Total	Governmental Activities Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,321,043	\$ 16,403,450	\$ 23,992,396
Receivables, net:			
Accounts	298	1,434,329	-
Accrued interest	6,116	44,061	17,038
Leases receivable	-	429,471	-
Due from other funds	-	-	16,831,462
Total current assets	<u>3,327,457</u>	<u>18,311,311</u>	<u>40,840,896</u>
Noncurrent assets:			
Restricted cash and investments	-	6,987	390,900
Leases receivable, long term	-	5,154,316	-
Capital assets:			
Non-depreciable	-	6,579,905	-
Depreciable, net	52,120	65,665,569	-
Total capital assets	<u>52,120</u>	<u>72,245,474</u>	<u>-</u>
Total noncurrent assets	<u>52,120</u>	<u>77,406,777</u>	<u>390,900</u>
Total assets	<u><u>3,379,577</u></u>	<u><u>95,718,088</u></u>	<u><u>41,231,796</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	219,803	659,470	241,766
Related to OPEB	100,060	264,787	88,648
Loss on refunding of debt	-	103,051	-
Total deferred outflows of resources	<u>319,863</u>	<u>1,027,308</u>	<u>330,414</u>
LIABILITIES			
Current liabilities:			
Accounts payable	122,057	731,799	162,937
Interest payable	-	259,822	-
Due to other funds	12,072	1,755,623	-
Deposits payable	-	48,885	-
Compensated absences - due within one year	48,257	109,577	26,138
Long-term debt - due within one year	-	1,637,000	-
Insurance claims payable - due within one year	-	-	7,489,982
Total current liabilities	<u>182,386</u>	<u>4,542,706</u>	<u>7,679,057</u>
Noncurrent liabilities:			
Advances from other funds	-	2,785,000	-
Compensated absences - due in more than one year	193,027	438,310	104,548
Long term debt - due in more than one year	-	22,738,000	-
Insurance claims payable - due in more than one year	-	-	22,161,728
Net pension liability	633,503	1,900,685	696,803
Net OPEB liability	309,607	819,308	274,297
Total noncurrent liabilities	<u>1,136,137</u>	<u>28,681,303</u>	<u>23,237,376</u>
Total liabilities	<u><u>1,318,523</u></u>	<u><u>33,224,009</u></u>	<u><u>30,916,433</u></u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	421,412	1,264,352	463,519
Related to OPEB	214,493	567,609	190,030
Related to leases	-	5,470,507	-
Total deferred inflows of resources	<u>635,905</u>	<u>7,302,468</u>	<u>653,549</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	52,120	47,973,525	-
Unrestricted	1,692,892	8,245,394	9,992,228
Total net position (deficit)	<u><u>\$ 1,745,012</u></u>	<u><u>\$ 56,218,919</u></u>	<u><u>\$ 9,992,228</u></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, 2022

	Major Funds			
	Airport	Industrial Waste	Sanitary Sewer	Parking District
OPERATING REVENUES:				
Fees	\$ 177,084	\$ 3,079,518	\$ 3,773,089	\$ -
Licenses and permits	-	-	-	362,087
Rental income	1,906,007	-	-	-
Total operating revenues	2,083,091	3,079,518	3,773,089	362,087
OPERATING EXPENSES:				
Personnel services	812,453	606,687	2,332,731	82,228
Administration	199,652	212,921	308,197	217,437
Contractual services	299,142	767,660	261,128	1,265,525
Supplies	117,924	58,567	134,918	13,989
Insurance	20,636	22,727	46,132	13,051
Insurance claims	-	-	-	-
Depreciation	957,136	512,071	1,568,293	558,382
Other	74,163	20,269	22,536	43,065
Total operating expenses	2,481,106	2,200,902	4,673,935	2,193,677
OPERATING INCOME	(398,015)	878,616	(900,846)	(1,831,590)
NONOPERATING REVENUES (EXPENSES):				
Investment income (loss)	118,917	(89,963)	(29,666)	-
Interest expense	-	(41,346)	(301,593)	(366,259)
Other nonoperating revenues (expenses)	91,198	(16,469)	(7,920)	1,151,488
Total nonoperating revenues (expenses)	210,115	(147,778)	(339,179)	785,229
INCOME (LOSS) BEFORE TRANSFERS	(187,900)	730,838	(1,240,025)	(1,046,361)
TRANSFERS:				
Transfers in	20,467	1,865,000	45,436	-
Transfers out	(76,545)	(1,811,843)	(3,895,108)	(32,391)
Transfers from fiduciary funds	-	-	-	951,900
Total transfers	(56,078)	53,157	(3,849,672)	919,509
Changes in net position	(243,978)	783,995	(5,089,697)	(126,852)
NET POSITION (DEFICIT):				
Beginning of year, as restated (Note 23)	18,286,910	21,406,651	24,824,256	(5,367,378)
End of year	<u>\$ 18,042,932</u>	<u>\$ 22,190,646</u>	<u>\$ 19,734,559</u>	<u>\$ (5,494,230)</u>

City of Salinas
Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Permit Services	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES:			
Fees	\$ 3,029,777	\$ 10,059,468	\$ 7,320,125
Licenses and permits	1,329,975	1,692,062	-
Rental income	-	1,906,007	-
Total operating revenues	4,359,752	13,657,537	7,320,125
OPERATING EXPENSES:			
Personnel services	1,743,904	5,578,003	1,997,540
Adminstration	452,434	1,390,641	-
Contractual services	1,058,032	3,651,487	144,302
Supplies	30,395	355,793	752,570
Insurance	83,021	185,567	5,456,906
Insurance claims	-	-	5,388,935
Depreciation	40,289	3,636,171	-
Other	(21,234)	138,799	140,099
Total operating expenses	3,386,841	14,936,461	13,880,352
OPERATING INCOME	972,911	(1,278,924)	(6,560,227)
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss)	(37,098)	(37,810)	(122,213)
Interest expense	-	(709,198)	-
Other nonoperating revenues (expenses)	444,374	1,662,671	-
Total nonoperating revenues (expenses)	407,276	915,663	(122,213)
INCOME (LOSS) BEFORE TRANSFERS	1,380,187	(363,261)	(6,682,440)
TRANSFERS:			
Transfers in	-	1,930,903	12,781,300
Transfers out	(358,418)	(6,174,305)	-
Transfers from fiduciary funds	-	951,900	-
Total transfers	(358,418)	(3,291,502)	12,781,300
Changes in net position	1,021,769	(3,654,763)	6,098,860
NET POSITION (DEFICIT):			
Beginning of year, as restated (Note 23)	723,243	59,873,682	3,893,368
End of year	<u>\$ 1,745,012</u>	<u>\$ 56,218,919</u>	<u>\$ 9,992,228</u>

City of Salinas
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Major Funds			
	Airport	Industrial Waste	Sanitary Sewer	Downtown Parking District
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 2,065,653	\$ 3,088,186	\$ 3,709,297	\$ 492,058
Payments to suppliers	(588,242)	(943,789)	(696,766)	(1,569,799)
Payments to employees for services	(846,583)	(637,401)	(2,364,902)	(83,293)
Payments to claimants	-	-	-	-
Other	(74,163)	(20,269)	(22,536)	(43,065)
Net cash provided (used) by operating activities	556,665	1,486,727	625,093	(1,204,099)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Borrowing from other funds	-	23,567	-	170,030
Repayment to other funds	-	-	(705,858)	-
Other	91,198	(16,469)	(7,920)	1,151,488
Transfers from other funds	20,467	1,865,000	45,436	951,900
Transfers to other funds	(76,545)	(1,811,843)	(3,895,108)	(32,391)
Net cash provided by (used in) noncapital financing activities	35,120	60,255	(4,563,450)	2,241,027
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(20,467)	(34,123)	(216,864)	-
Payment on capital debt and loans payable	-	(460,000)	(555,000)	(578,000)
Interest paid on capital debt and borrowings	-	(45,795)	(304,276)	(365,310)
Net cash (used in) capital and related financing activities	(20,467)	(539,918)	(1,076,140)	(943,310)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income (loss)	97,556	(97,451)	684,879	-
Proceeds from leases	(113,280)	-	-	-
Net cash provided by (used in) investing activities	(15,724)	(97,451)	684,879	-
Net change in cash and cash equivalents	555,594	909,613	(4,329,618)	93,618
CASH AND CASH EQUIVALENTS:				
Beginning of year	1,451,509	8,023,451	5,714,077	671,150
End of year	<u>\$ 2,007,103</u>	<u>\$ 8,933,064</u>	<u>\$ 1,384,459</u>	<u>\$ 764,768</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:				
Cash and cash investments	\$ 2,007,103	\$ 8,933,064	\$ 1,377,472	\$ 764,768
Restricted cash and investments	-	-	6,987	-
Total cash and cash equivalents	<u>\$ 2,007,103</u>	<u>\$ 8,933,064</u>	<u>\$ 1,384,459</u>	<u>\$ 764,768</u>

City of Salinas
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Permit Services	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 4,359,752	\$ 13,714,946	\$ 14,810,107
Payments to suppliers	(1,598,112)	(5,396,708)	(2,522,098)
Payments to employees for services	(1,790,603)	(5,722,782)	(1,940,034)
Payments to claimants	-	-	(15,058,605)
Other	21,234	(138,799)	(140,099)
Net cash provided (used) by operating activities	992,271	2,456,657	(4,850,729)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Borrowing from other funds	1,231	194,828	-
Repayment to other funds	-	(705,858)	-
Other	444,374	1,662,671	-
Transfers from other funds	-	2,882,803	12,781,300
Transfers to other funds	(358,418)	(6,174,305)	-
Net cash provided by (used in) noncapital financing activities	87,187	(2,139,861)	12,781,300
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(59,330)	(330,784)	-
Payment on capital debt and loans payable	-	(1,593,000)	(141,223)
Interest paid on capital debt and borrowings	-	(715,381)	-
Net cash (used in) capital and related financing activities	(59,330)	(2,639,165)	(141,223)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income (loss)	(41,623)	643,361	(131,759)
Proceeds from leases	-	(113,280)	-
Net cash provided by (used in) investing activities	(41,623)	530,081	(131,759)
Net change in cash and cash equivalents	978,505	(1,792,288)	7,657,589
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,342,538	18,202,725	16,725,707
End of year	<u>\$ 3,321,043</u>	<u>\$ 16,410,437</u>	<u>\$ 24,383,296</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:			
Cash and cash investments	\$ 3,321,043	\$ 16,403,450	\$ 23,992,396
Restricted cash and investments	-	6,987	390,900
Total cash and cash equivalents	<u>\$ 3,321,043</u>	<u>\$ 16,410,437</u>	<u>\$ 24,383,296</u>

City of Salinas
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	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	\$ (398,015)	\$ 878,616	\$ (900,846)	\$ (1,831,590)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	957,136	512,071	1,568,293	558,382
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	(26,778)	8,668	(63,792)	129,971
Deferred outflows - related to pensions	37,876	22,900	91,599	-
Deferred outflows - related to OPEB	6,270	4,860	11,803	857
Accounts payable	49,112	118,086	53,609	(59,797)
Accrued liabilities	-	-	-	-
Deposits payable	9,340	-	-	-
Insurance claims payable	-	-	-	-
Compensated absences	(1,536)	(10,940)	49,064	(1,434)
Net pension liability	(278,128)	(167,563)	(670,246)	-
Net OPEB liability	(60,586)	(47,005)	(114,335)	(8,454)
Deferred inflows - related to pensions	205,781	123,441	493,763	-
Deferred inflows - related to OPEB	56,193	43,593	106,181	7,966
Total adjustments	954,680	608,111	1,525,939	627,491
Net cash provided by (used in) operating activities	\$ 556,665	\$ 1,486,727	\$ 625,093	\$ (1,204,099)

City of Salinas
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Permit Services	Total	Governmental Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income	\$ 972,911	\$ (1,278,924)	\$ (6,560,227)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	40,289	3,636,171	-
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	-	48,069	-
Deferred outflows - related to pensions	75,813	228,188	83,735
Deferred outflows - related to OPEB	14,446	38,236	12,796
Accounts payable	25,770	186,780	31,923
Accrued liabilities	-	-	-
Deposits payable	-	9,340	7,489,982
Insurance claims payable	-	-	(5,869,913)
Compensated absences	18,007	53,161	130,686
Net pension liability	(556,430)	(1,672,367)	(613,424)
Net OPEB liability	(139,935)	(370,315)	(123,966)
Deferred inflows - related to pensions	411,449	1,234,434	452,547
Deferred inflows - related to OPEB	129,951	343,884	115,132
Total adjustments	19,360	3,735,581	1,709,498
Net cash provided by (used in) operating activities	\$ 992,271	\$ 2,456,657	\$ (4,850,729)

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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, 2022

	<u>Private Purpose Trust Funds</u>	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>	<u>Fiduciary Funds Total</u>
ASSETS				
Cash and investments	\$ 4,067,905	\$ 9,263,792	\$ 87,721	\$ 13,419,418
Restricted cash and investments held by fiscal agent	1,706,907	4,367,611	77,059	6,151,577
Receivables, net:				
Accounts	7,673	-	-	7,673
Interest	3,968	5,133	-	9,101
Loans and notes receivable	173,900	-	-	173,900
Total assets	<u>5,960,353</u>	<u>13,636,536</u>	<u>164,780</u>	<u>19,761,669</u>
LIABILITIES				
Accounts payable	93,469	-	142,768	236,237
Interest payable	709,247	-	-	709,247
Deposits payable	140,297	-	-	140,297
Unearned revenue	2,184,914	-	-	2,184,914
Long-term debt:				
Due in one year	296,133	-	-	296,133
Due in more than one year	1,499,665	-	-	1,499,665
Total liabilities	<u>4,923,725</u>	<u>-</u>	<u>142,768</u>	<u>5,066,493</u>
NET POSITION				
Restricted for:				
Pensions	-	13,636,536	-	13,636,536
Individuals and organizations	1,036,628	-	22,012	1,058,640
Total net position	<u>\$ 1,036,628</u>	<u>\$ 13,636,536</u>	<u>\$ 22,012</u>	<u>\$ 14,695,176</u>

City of Salinas
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	<u>Private Purpose Trust Funds</u>	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>	<u>Total Fiduciary Funds</u>
ADDITIONS:				
Taxes	\$ 4,963,103	\$ -	\$ 459,944	\$ 5,423,047
Miscellaneous	-	438,866	-	438,866
Contributions:				
Plan members	-	20,839	296,149	316,988
Employer	-	208,396	-	208,396
Private donations	1,350,551	-	-	1,350,551
Investment earnings (loss)	40,920	(105,406)	-	(64,486)
Less: investment expense	-	-	-	-
Net investment earnings	<u>40,920</u>	<u>(105,406)</u>	<u>-</u>	<u>(64,486)</u>
Assessments collected for other governments	-	-	-	-
Total additions	<u>6,354,574</u>	<u>562,695</u>	<u>756,093</u>	<u>7,673,362</u>
DEDUCTIONS:				
Expenses	1,345,060	-	275,850	1,620,910
Benefit payments	-	5,381,582	75,890	5,457,472
Payments on behalf of trustees	1,400,866	-	-	1,400,866
Contributions to other agencies	2,421,954	-	-	2,421,954
Payments to City	951,900	-	-	951,900
Assessments disbursed to other governments	-	-	459,914	459,914
Total deductions	<u>6,119,780</u>	<u>5,381,582</u>	<u>811,654</u>	<u>12,313,016</u>
Change in net position	234,794	(4,818,887)	(55,561)	(4,639,654)
NET POSITION:				
Beginning of year, as restated (Note 23)	<u>801,834</u>	<u>18,455,423</u>	<u>77,573</u>	<u>19,334,830</u>
End of period	<u>\$ 1,036,628</u>	<u>\$ 13,636,536</u>	<u>\$ 22,012</u>	<u>\$ 14,695,176</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Salinas
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For the Year Ended June 30, 2022

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City of Salinas
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Blended Component Units (Continued)

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.

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

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Government-Wide Financial Statements (Continued)

Certain eliminations have been made in regards 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

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements (Continued)

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.
- *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.

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.
- *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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

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.

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fiduciary Fund Financial Statements (Continued)

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.

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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

The City valued its investments in LAIF as of June 30, 2022, 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, 2022

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 our financial institution at July 1, 2021 for existing leases or 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. 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.

J. 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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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.

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.

K. 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

L. Land Held for Resale

Land 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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

M. 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.

N. 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.

O. 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.

P. 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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Long-Term Debt and Other Long-Term Obligations (Continued)

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.

Q. 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.

R. 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 position 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

S. 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, 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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Net Position and Fund Balance (Continued)

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. As of June 30, 2022, 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.

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 amounts that have not been restricted, committed, or assigned. This includes the residual fund balance of General Fund and residual fund deficits of other governmental funds.

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.

T. 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

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Property Taxes (Continued)

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.

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.

U. 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:

CalPERS Pension Plans

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021

NY Life Pension Plan

Valuation date	September 1, 2021
Measurement date	September 1, 2021
Measurement period	October 1, 2020 to September 30, 2021

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

V. 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.

The following timeframes are reported OPEB reporting:

OPEB	
Valuation date	June 30, 2021
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021

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.

W. 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.

X. 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.

Y. 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, 2022 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, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Z. Implementation of New GASB Pronouncements For the Year Ended June 30, 2022

During fiscal year ended June 30, 2022, the City implemented the following new GASB Pronouncements:

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre–November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business–type activity or enterprise fund. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Z. Implementation of New GASB Pronouncements For the Year Ended June 30, 2022 (Continued)

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Stewardship, Compliance, and Accountability (Continued)

B. Deficit Fund Balances and Net Position

At June 30, 2022, the following funds had a deficit fund balance or deficit net position:

Fund Type	Fund	Deficit
Governmental	Housing and Urban Development Grant	\$ (2,772,187)
Governmental	Emergency Medical Services	(378,482)
Governmental	Traffic Safety	(27,135)
Governmental	Assessment District Administration	(2,178)
Enterprise	Downtown Parking District Fund	(5,494,230)
Internal Service Fund	General Liability	(3,014,068)

Governmental Funds – Housing and Urban Development Grant Fund

The deficit net position in the Housing and Urban Development Grant Fund of \$2,772,187 is a result of an increase in Community and 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.

Nonmajor Funds

The deficit fund balances in the Special Revenue Funds Emergency Medical Services fund of \$378,482 is due to increased expenditures in emergency equipment and supplies. The deficit fund balance in the Traffic Safety Special Revenue Fund of \$27,135 is a result of increased services in vehicle code violations provided by Monterey County. 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 Administration fund of \$2,178 is due to amounts owed to the General Fund. This will be cleared in fiscal year 2023 and the fund will be closed out.

Enterprise Funds – Downtown Parking District Fund

The deficit net position in the Downtown Parking District Fund of \$5,494,230 is a result of operating cost in excess of operating revenues and the long-term lease payable amounting to \$9,012,000. This deficit will continue to decline over time as the lease payable is collected.

Internal Service Funds

The deficit net position in General Liability internal service fund of \$3,014,068 is the result of insurance costs exceeding charges for services in the fund. 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.

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, 2022

Note 3 – Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2022 as follows:

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental	Business-Type	Total	Statement of	Total
	Activities	Activities		Net Position	
Cash and investments	\$ 216,282,792	\$ 16,403,450	\$ 232,686,242	\$ 13,419,418	\$ 246,105,660
Restricted cash and investments	1,077,537	6,987	1,084,524	6,151,577	7,236,101
Total cash and investments	\$ 217,360,329	\$ 16,410,437	\$ 233,770,766	\$ 19,570,995	\$ 253,341,761

Cash and investments at June 30, 2022, consisted of the following:

Cash and Cash Equivalents:	
Cash on hand	\$ 25,000
Demand accounts at banks	6,260,470
Money market	16,073,619
Deposits held in trust by fiscal agent	217,200
Money market held in trust by fiscal agent	2,595,751
Local Agency Investment Fund	89,354,488
Total cash and cash equivalents	114,526,528
Investments:	
Investments held by fiscal agent	134,460,738
Deferred compensation	4,354,495
Total investments	138,815,233
Total cash and investments	\$ 253,341,761

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$6,260,470 at June 30, 2022. Bank balances were \$8,938,429 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, 2022

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.

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. The City’s investments with LAIF at June 30, 2022, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2022, the City had \$89,354,488 invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes and Asset-Backed Securities. The fair value of the City’s portion in the pool is the same as the value of the pool shares and reported at amortized cost.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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, 2022 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, 2022, the City had the following investment maturities:

<u>Investment Type</u>	<u>Total</u>	<u>Investment Maturities</u>		
		<u>1 year or fewer</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
Investment agreements - BNY	\$ 128,108,969	\$ 20,179,656	\$ 107,929,313	\$ -
New York Life Pension	6,351,769	6,351,769	-	-
Trust deeds - deferred compensation	4,354,495	-	4,354,495	-
Total investments	\$ 138,815,233	\$ 26,531,425	\$ 112,283,808	\$ -

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 3 – Cash and Investments (Continued)

C. Risk Disclosures (Continued)

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:				
Municipal bonds	\$ 23,670,530	AA	NR	17.05%
US Treasuries	50,382,947	A	Aaa	36.29%
FHLB	11,885,081	AA+	Aaa	8.56%
FHLMC	3,550,086	AA+	Aaa	2.56%
FNMA	2,995,232	AA+	Aaa	2.16%
FFCB	3,424,822	AA+	Aaa	2.47%
Corporate bonds	8,529,741	A+ to A2	A1 to A2	6.14%
Trust deeds - deferred compensation	4,354,495	NR	NR	3.14%
Money market funds:				
Wilmington Trust, NA	23,670,530	A-	A2	17.05%
New York Life Fixed Dollar Account	6,351,769	NR	NR	4.58%
Total investments	\$ 138,815,233			100.00%

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 3 – Cash and Investments (Continued)

D. Fair Value Measurement (Continued)

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.

The City had the following recurring fair value measurements as of June 30, 2022:

Investments measured by fair value level:	June 30, 2022	Level 1	Level 2	Level 3
Investment agreements:				
Municipal bonds	\$ 23,670,530	\$ 23,670,530	\$ -	\$ -
US Treasuries	50,382,947	50,382,947	-	-
FHLB	11,885,081	11,885,081	-	-
FHLMC	3,550,086	3,550,086	-	-
FNMA	2,995,232	2,995,232	-	-
FFCB	3,424,822	3,424,822	-	-
Corporate bonds	8,529,741	8,529,741	-	-
Trust deeds - deferred compensation	4,354,495	-	-	4,354,495
Total investments by fair value level	108,792,934	\$ 104,438,439	\$ -	\$ 4,354,495
Investments not subject to the fair value hierarchy:				
Money market funds:				
Wilmington Trust, NA	23,670,530			
New York Life Fixed Dollar Account	6,351,769			
Total investments not subject to the fair value hierarchy	30,022,299			
Total investments	\$ 138,815,233			

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 3 – Cash and Investments (Continued)

D. Fair Value Measurement (Continued)

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, 2022. 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.

Note 4 – Restricted Assets

Certain cash and investments are reported as restricted assets at June 30, 2022 as follows:

Governmental Funds:	
Assessment District Debt Service Fund - restricted for debt service	\$ 124,466
Assessment District Reserve Debt Service Fund - restricted for debt service	234,528
2019 Special Tax Bond Monte Bella Debt Service Fund - restricted for debt service	327,643
Enterprise Funds:	
Sanitary Sewer Fund - restricted for debt service	6,987
Internal Service Funds:	
Workers Compensation Internal Service Fund	274,506
General Liability Internal Service Fund	116,394
Total restricted assets - primary government	\$ 1,084,524
Fiduciary Funds:	
Private Purpose Trust Funds	\$ 1,706,907
Pension Trust Fund	4,367,611
Custodial Funds	77,059
Total restricted assets - fiduciary funds	\$ 6,151,577

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 5 – Taxes Receivable

Taxes receivable recorded in the General Fund of \$19,437,488 represent amounts due for the quarter ended June 30, 2022 for the following taxes:

Sales tax	\$ 6,997,902
Measure E transaction and use tax	2,928,655
Measure G transaction and use tax	5,892,370
Utility users tax	1,255,792
Transient occupancy tax	1,029,507
Franchise tax	728,720
Cannabis tax	377,652
Other taxes	145,441
Property transfer tax	81,449
	<hr/>
	\$ 19,437,488
	<hr/> <hr/>

Note 6 – Assessments Receivable

Debt Service Fund – Assessments receivable recorded in the Assessment District Debt Service Fund of \$8,970,000 at June 30, 2022, will be collected from property owners to retire outstanding bond principal issued for improvements in special assessment districts.

Assessment receivables in the amount of \$8,290,000 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, 2022

Note 7 – Due From Other Agencies

At June 30, 2022, 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:				
Welcome Center	\$ -	\$ -	\$ 75,000	\$ 75,000
Special Revenue Funds:				
Association of Monterey Bay Area Govts.	-	3,484	-	3,484
CA Emergency Solutions & Housing	-	394,272	-	394,272
CA Highway Users Tax	-	637,441	-	637,441
CA Housing & Community Development	-	77,016	-	77,016
CA State Library	-	-	4,705	4,705
Cable Franchise	-	-	43,942	43,942
CDBG Improvement Program	356,421	-	-	356,421
City of Pacific Grove	-	-	174,495	174,495
County of Monterey	-	49,029	3,305,793	3,354,822
Department of Alcoholic Beverage Control	-	-	4,520	4,520
Emergency Shelter Grant	2,618,155	-	-	2,618,155
Federal Drug Enforcement	2,172	-	-	2,172
HOME Investment Program	28,927	-	-	28,927
Office of Traffic Safety	56,590	-	-	56,590
SB1 Road Maintenance & Rehab	-	562,987	-	562,987
SB2 Permanent Local Housing Allocation	-	172,423	-	172,423
U.S. Department of Justice	138,716	-	-	138,716
U.S. Department of Treasury	405,783	-	-	405,783
Capital Projects Funds:				
CA Dept. of Transportation	-	9,942	-	9,942
CA Office of Emergency Services	-	8,850	-	8,850
Developers	-	-	1,821,196	1,821,196
Federal ATP Grant	390,715	-	-	390,715
Federal Aviation Administration	128,978	-	-	128,978
Federal HSIP	29,774	-	-	29,774
Homeland Security - FEMA	93,794	-	-	93,794
Monterey Bay Air Resource District	-	36,200	-	36,200
Monterey Bay Unified Air Pollution Control Dist.	-	148,479	-	148,479
Monterey County - RSTP	-	928,823	-	928,823
State Dept. of Forestry and Fire	-	29,161	-	29,161
State Water Grant	-	133,801	-	133,801
Transportation Agency for Monterey County	-	8,670	-	8,670
Primary government total	<u>\$ 4,250,025</u>	<u>\$ 3,200,578</u>	<u>\$ 5,429,651</u>	<u>\$ 12,880,254</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, 2022, the City recognized \$1,219,733 in lease revenue and \$237,791 in interest revenue, and the outstanding receivable amount is \$11,629,846.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Leases Receivable (Continued)

A summary of changes in the leases receivable for the fiscal year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Reductions	June 30, 2022	Amounts due within one year	Amounts due in more than one year
Governmental activities	\$ 6,694,836	\$ -	\$ (648,777)	\$ 6,046,059	\$ 561,725	\$ 5,484,334
Business-type activities	6,014,676	-	(430,889)	5,583,787	429,471	5,154,316
Total	\$ 12,709,512	\$ -	\$ (1,079,666)	\$ 11,629,846	\$ 991,196	\$ 10,638,650

Future lease payments are as follows as of June 30, 2022:

Year Ending June 30	Lease Receivable	Interest	Total
2023	\$ 991,196	\$ 396,542	\$ 1,387,738
2024	943,755	363,066	1,306,821
2025	813,685	334,209	1,147,894
2026	711,687	307,723	1,019,410
2027	587,282	284,785	872,067
2028-2032	2,751,304	1,129,241	3,880,545
2033-2037	2,982,455	605,999	3,588,454
2038-2042	1,229,849	204,293	1,434,142
2043-2047	446,813	70,787	517,600
2048-2050	171,820	7,364	179,184
Total	\$ 11,629,846	\$ 3,704,009	\$ 15,333,855

As of June 30, 2022, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30	Total
2023	\$ 1,267,881
2024	1,162,821
2025	990,183
2026	842,795
2027	728,387
2028-2032	2,892,397
2033-2037	2,316,768
2038-2042	851,310
2043-2047	324,909
2048-2050	112,328
Total	\$ 11,489,779

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Loans and Notes Receivable

At June 30, 2022, 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:

	CDBG	Low & Moderate Income Housing Asset	Total Governmental Activities	Fiduciary Funds
Loans funded by federal grants:	\$ 22,453,556	\$ -	\$ 22,453,556	\$ -
Economic development real estate developer and other loans	-	10,022,690	10,022,690	173,900
Less: allowance for uncollectibles	(22,386,988)	(10,006,119)	(32,393,107)	-
Total loans, net	\$ 66,568	\$ 16,571	\$ 83,139	\$ 173,900

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, 2022

Note 10 – Interfund Receivables, Payable, and Transfers

A. Due From and To Other Funds

At June 30, 2022, the balances of due from and to other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Grants Special Revenue Fund	\$ 717,402	Cash overdraft
General Fund	Housing and Urban Development Special Revenue Fund	4,012,495	Cash overdraft
General Fund	Downtown Parking District Enterprise Fund	1,705,208	Cash overdraft
General Fund	Emergency Medical Services Special Revenue Fund	300,365	Cash overdraft
General Fund	Development Fees Special Revenue Fund	268	Cash overdraft
General Fund	Lighting, Landscape, and Maintenance Dist Special Revenue Fund	51,188	Cash overdraft
General Fund	Special Construction Assistance Capital Projects Fund	1,235,128	Cash overdraft
General Fund	Traffic Safety Special Revenue Fund	81,891	Cash overdraft
General Fund	Assessment District Administration Debt Service Fund	2,178	Cash overdraft
		<u>8,106,123</u>	
Capital Projects Capital Projects Fund	General Fund	339,665	Capital projects
Capital Projects Capital Projects Fund	Industrial Waste Enterprise Fund	26,220	Capital projects
Capital Projects Capital Projects Fund	Emergency Medical Services Special Revenue Fund	15,792	Capital projects
Capital Projects Capital Projects Fund	Gas Tax Special Revenue Fund	81,232	Capital projects
Capital Projects Capital Projects Fund	Development Fees Special Revenue Fund	413,561	Capital projects
Capital Projects Capital Projects Fund	Measure X Special Revenue Fund	272,811	Capital projects
Capital Projects Capital Projects Fund	Permit Services Enterprise Fund	12,072	Capital projects
Capital Projects Capital Projects Fund	Sanitary Sewer Enterprise Fund	12,123	Capital projects
Capital Projects Capital Projects Fund	SB1 Road Maintenance & Rehab Special Revenue Fund	191,057	Capital projects
		<u>1,364,533</u>	
Workers Compensation Internal Service Fund	General Fund	16,831,462	Claims
		<u>Total \$ 26,302,118</u>	

B. Long-Term Advances

At June 30, 2022, the balances of long-term advances were as follows:

<u>Advances Due From</u>	<u>Advances Due To</u>
	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>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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

C. Transfers

Interfund transfers during the year ended June 30, 2022, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Gas Tax Special Revenue Fund	\$ 1,725,000	Capital projects/debt service
General Fund	Traffic Safety Special Revenue Fund	250,000	Capital projects/debt service
General Fund	Grants Special Revenue Fund	4,099	Capital projects/debt service
	Subtotal General Fund	<u>1,979,099</u>	
Housing and Urban Development Special Revenue Fund	General Fund	4,424	Grant projects
Airport Enterprise Fund	Capital Projects Capital Projects Fund	20,467	Contribute capital assets
Industrial Waste Enterprise Fund	General Fund	1,865,000	Operating subsidy
Sanitary Sewer Enterprise Fund	Capital Projects Capital Projects Fund	45,436	Capital projects
Emergency Medical Services Special Revenue Fund	General Fund	850,000	Operating subsidy
Vehicle Abatement Special Revenue Fund	General Fund	50,000	Operating subsidy
Grants Special Revenue Fund	General Fund	2	Operating subsidy
2018 Lease-PS Building Police Debt Service Fund	General Fund	11,938,298	Debt Service
COP 2018B T.R.I.P. Debt Service Fund	Measure X Special Revenue Fund	2,340,074	Debt Service
2018 Lease El Gabilan Library Debt Service Fund	General Fund	788,457	Debt Service
2020A Refunding Energy Debt Service Fund	General Fund	1,177,177	Debt Service
2020A Refunding Energy Debt Service Fund	Energy Improvement Lease Debt Service Fund	36,001	Debt Service
2020A Refunding Energy Debt Service Fund	Airport Enterprise Fund	76,545	Debt Service
2020A Refunding Energy Debt Service Fund	Industrial Waste Enterprise Fund	71,658	Debt Service
2020A Refunding Energy Debt Service Fund	Sanitary Sewer Enterprise Fund	95,495	Debt Service
2020A Refunding Energy Debt Service Fund	Downtown Parking District Enterprise Fund	32,391	Debt Service
	Subtotal 2020A Refunding Energy Debt Service Fund	<u>1,489,267</u>	
2020A Refunding SVSWA Debt Service Fund	General Fund	602,794	Debt Service
2020A Refunding SVSWA Debt Service Fund	2015 Refunding COP 2005 A&B Debt Service Fund	87,010	Debt Service
	Subtotal 2020A Refunding SVSWA Debt Service Fund	<u>689,804</u>	
Capital Projects Capital Projects Fund	General Fund	4,918,635	Capital Projects
Capital Projects Capital Projects Fund	Monte Bella Maint District Special Revenue Fund	4,110	Capital Projects
Capital Projects Capital Projects Fund	Development Fees Special Revenue Fund	1,603,186	Capital Projects
Capital Projects Capital Projects Fund	Gas Tax Special Revenue Fund	552,775	Capital Projects
Capital Projects Capital Projects Fund	Emergency Medical Services Special Revenue Fund	120,792	Capital Projects
Capital Projects Capital Projects Fund	Measure X Special Revenue Fund	1,308,013	Capital Projects
Capital Projects Capital Projects Fund	SB1 Road Maintenance & Rehab Special Revenue Fund	1,556,858	Capital Projects
Capital Projects Capital Projects Fund	Affordable Housing Special Revenue Fund	6,800	Capital Projects
Capital Projects Capital Projects Fund	Special Construction Assistance Capital Projects Fund	-	Capital Projects
Capital Projects Capital Projects Fund	Industrial Waste Enterprise Fund	1,758,837	Capital Projects
Capital Projects Capital Projects Fund	Sanitary Sewer Enterprise Fund	3,971,041	Capital Projects
Capital Projects Capital Projects Fund	Permit Services Enterprise Fund	358,418	Capital Projects
	Subtotal Capital Project Capital Projects Fund	<u>15,884,062</u>	
General Liability Internal Service Fund	General Fund	1,661,300	Operating Subsidy
Fleet Internal Service Fund	General Fund	11,120,000	Operating Subsidy
	Total	\$ <u>50,725,690</u>	

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 11 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2022, is as follows:

Governmental Activities:	Balance July 1, 2021, as Restated	Prior Period Adjustment	Additions	Retirements	Transfers	Balance June 30, 2022
<i>Nondepreciable assets:</i>						
Land	\$ 25,899,986	\$ -	\$ -	\$ -	\$ -	\$ 25,899,986
Construction in progress	159,896,482	1,667,376	6,712,551	-	(143,852,318)	24,424,091
Total nondepreciable assets	<u>185,796,468</u>	<u>1,667,376</u>	<u>6,712,551</u>	<u>-</u>	<u>(143,852,318)</u>	<u>50,324,077</u>
<i>Depreciable assets</i>						
Buildings and improvements	46,337,340	1,634,233	-	-	87,157,535	135,129,108
Improvements other than buildings	15,766,022	11,749,332	-	-	23,161,998	50,677,352
Machinery and equipment	42,133,934	1,844,782	312,789	(1,052,050)	2,711,962	45,951,417
Infrastructure	255,168,975	135,160,357	-	-	30,820,823	421,150,155
Right-to-use assets	126,634	-	412,877	-	-	539,511
Total depreciable/amortizable assets	<u>359,532,905</u>	<u>150,388,704</u>	<u>725,666</u>	<u>(1,052,050)</u>	<u>143,852,318</u>	<u>653,447,543</u>
<i>Accumulated depreciation/amortization</i>						
Buildings and improvements	(22,484,365)	(772,320)	(889,092)	-	-	(24,145,777)
Improvements other than buildings	(11,388,190)	(11,311,523)	(588,458)	-	-	(23,288,171)
Machinery and equipment	(31,453,429)	(1,644,102)	(3,298,504)	1,017,170	-	(35,378,865)
Infrastructure	(174,327,696)	(103,493,631)	(7,969,057)	-	-	(285,790,384)
Right-to-use assets	-	-	(204,913)	-	-	(204,913)
Total accumulated depreciation/amortization	<u>(239,653,680)</u>	<u>(117,221,576)</u>	<u>(12,950,024)</u>	<u>1,017,170</u>	<u>-</u>	<u>(368,808,110)</u>
Total depreciable/amortizable assets, net	<u>119,879,225</u>	<u>33,167,128</u>	<u>(12,224,358)</u>	<u>(34,880)</u>	<u>143,852,318</u>	<u>284,639,433</u>
Governmental activities capital assets, net	<u>\$ 305,675,693</u>	<u>\$ 34,834,504</u>	<u>\$ (5,511,807)</u>	<u>\$ (34,880)</u>	<u>\$ -</u>	<u>\$ 334,963,510</u>

Prior period adjustments in the amount of \$34,834,504 were made to move capital assets from business-type activities. The beginning balance was also restated in the amount of \$126,634 for GASB 87 *Leases* implementation.

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

Governmental Activities:	
General government	\$ 583,471
Police	1,333,392
Fire	1,087,348
Public works, including infrastructure	8,905,398
Recreation and parks	856,166
Library	184,249
Total depreciation/amortization expense - governmental activities	<u>\$ 12,950,024</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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, 2022, is as follows:

Business-Type Activities:	Balance July 1, 2021	Prior Period Adjustment	Additions	Retirements	Transfers	Balance June 30, 2022
Nondepreciable assets:						
Land	\$ 3,632,339	\$ -	\$ -	\$ -	\$ -	\$ 3,632,339
Construction in progress	5,259,442	(1,667,376)	1,928,508	(1,796,095)	(776,913)	2,947,566
Total nondepreciable assets	8,891,781	(1,667,376)	1,928,508	(1,796,095)	(776,913)	6,579,905
Depreciable assets						
Buildings and improvements	27,523,054	(1,634,233)	-	-	-	25,888,821
Improvements other than buildings	26,708,254	(11,749,332)	-	-	502,183	15,461,105
Machinery and equipment	9,332,629	(1,844,782)	198,367	-	93,295	7,779,509
Infrastructure	237,688,120	(135,160,357)	-	-	181,435	102,709,198
Right-to-use assets	-	-	-	-	-	-
Total depreciable assets	301,252,057	(150,388,704)	198,367	-	776,913	151,838,633
Accumulated depreciation/amortization:						
Buildings and improvements	(15,943,528)	772,320	(730,298)	-	-	(15,901,506)
Improvements other than buildings	(16,495,799)	11,311,523	(719,769)	-	-	(5,904,045)
Machinery and equipment	(6,575,105)	1,644,102	(331,308)	-	-	(5,262,311)
Infrastructure	(160,744,037)	103,493,631	(1,854,796)	-	-	(59,105,202)
Right-to-use assets	-	-	-	-	-	-
Total accumulated depreciation/amortization	(199,758,469)	117,221,576	(3,636,171)	-	-	(86,173,064)
Total depreciable assets, net	101,493,588	(33,167,128)	(3,437,804)	-	776,913	65,665,569
Business-type activities capital assets, net	\$ 110,385,369	\$ (34,834,504)	\$ (1,509,296)	\$ (1,796,095)	\$ -	\$ 72,245,474

Prior period adjustments in the amount of \$(34,834,504) were made to move capital assets governmental activities.

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

Business-type Activities:	
Airport	\$ 957,136
Industrial Waste	512,071
Sanitary Sewer	1,568,293
Downtown Parking	558,382
Permit Services	40,289
Total depreciation expense - business-type activities	\$ 3,636,171

C. Successor Agency

The summary of changes in capital assets for the Successor Agency for the year ended June 30, 2022, is as follows:

Fiduciary Activities:	Balance July 1, 2021	Prior Period Adjustment	Additions	Retirements	Transfers	Balance June 30, 2022
Nondepreciable assets:						
Land	\$ 149,270	\$ (149,270)	\$ -	\$ -	\$ -	\$ -
Total nondepreciable assets	149,270	(149,270)	-	-	-	-
Fiduciary activities capital assets, net	\$ 149,270	\$ (149,270)	\$ -	\$ -	\$ -	\$ -

A prior period adjustment was made to remove land that was no longer owned by the Successor Agency.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Land and Properties Held For Resale

Land and properties held for resale at June 30, 2022 consisted of the following:

<u>Special Revenue Fund</u>	
137, 145, & 151 Division Street	\$ 584,419
<u>Affordable Housing Fund - Sunset Avenue Merged Housing</u>	
115 Division Street	230,981
123 Division Street	206,265
923 E. Market Street	358,335
	795,581
Total land and properties held for resale	\$ 1,380,000

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, 2022 is as follows:

	Balance July 1, 2021	Period Adjustments	Additions	Retirements	Balance June 30, 2022	within one year	more than one year
Governmental Activities							
Direct Borrowings - leases	\$ 65,977,431	\$ 239,801	\$ 1,743,790	\$(11,902,720)	\$ 56,058,302	\$ 4,643,883	\$ 51,414,419
Certificates of Participation:							
TRIP 2018B	36,110,000	-	-	(740,000)	35,370,000	750,000	34,620,000
Series 2020A-Twin Creeks	-	2,330,000	-	(355,000)	1,975,000	365,000	1,610,000
Series 2020B Fairways	-	3,930,000	-	(100,000)	3,830,000	110,000	3,720,000
Series 2020A-Energy (2014)	15,650,000	-	-	(865,000)	14,785,000	935,000	13,850,000
Series 2020A-SVSWA (2015B)	3,860,000	-	-	(525,000)	3,335,000	545,000	2,790,000
Bond premium/(discount):							
TRIP 2018B	3,556,183	-	-	(354,682)	3,201,501	-	3,201,501
TRIP 2018B	(344,239)	-	-	13,240	(330,999)	-	(330,999)
Series 2020A-Twin Creeks	-	272,085	-	(45,348)	226,737	-	226,737
Series 2020A-Energy (2014)	2,981,656	-	-	(248,472)	2,733,184	-	2,733,184
Series 2020A-SVSWA (2015B)	491,089	-	-	(70,156)	420,933	-	420,933
Total Certificates of Participation:	62,304,689	6,532,085	-	(3,290,418)	65,546,356	2,705,000	62,841,356
Assessment District Bonds:							
Assessment District 2017 Act Bonds	1,560,000	-	-	(590,000)	970,000	430,000	540,000
CFD Monte Bella-2019 #1	2,625,000	-	-	(50,000)	2,575,000	55,000	2,520,000
CFD Monte Bella-2019 #2	2,090,000	-	-	(40,000)	2,050,000	40,000	2,010,000
CFD Monte Bella-2019 #3	2,695,000	-	-	-	2,695,000	50,000	2,645,000
Bond premium/(discount):							
CFD Monte Bella-2019 #1	72,436	-	-	(2,498)	69,938	-	69,938
CFD Monte Bella-2019 #2	203,920	-	-	(7,032)	196,888	-	196,888
CFD Monte Bella-2019 #3	242,947	-	-	-	242,947	-	242,947
Total Assessment District Bonds	9,489,303	-	-	(689,530)	8,799,773	575,000	8,224,773
Total governmental activities	\$ 137,771,423	\$ 6,771,886	\$ 1,743,790	\$(15,882,668)	\$ 130,404,431	\$ 7,923,883	\$ 122,480,548

A prior period adjustment of \$6,771,886 was made to move certain debts from business-type activities and to implement GASB 87 Leases.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Direct Borrowing – Leases

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

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 4,643,883	\$ 2,315,583	\$ 6,959,466
2024	4,732,630	2,110,407	6,843,037
2025	4,642,843	1,899,896	6,542,739
2026	4,633,821	1,688,306	6,322,127
2027	4,280,125	1,473,155	5,753,280
2028-2032	21,328,000	4,331,337	25,659,337
2033-2037	3,617,000	1,852,843	5,469,843
2038-2042	2,960,000	1,324,872	4,284,872
2043-2047	3,585,000	687,562	4,272,562
2048-2051	1,635,000	65,213	1,700,213
Total	<u>\$ 56,058,302</u>	<u>\$ 17,749,174</u>	<u>\$ 73,807,476</u>

Quantum Tiller Ladder Truck

On January 21, 2014, the City, using lease purchase financing, purchased a Quantum Tiller Ladder Truck for a total of \$1,087,053. The City will make ten annual payments of \$124,848, beginning on March 17, 2015 and ending March 17, 2024 at 2.60% interest. Debt payable of \$240,285 is recorded as Governmental Activities at June 30, 2022.

Debt service requirements to maturity for the Quantum Tiller Ladder Truck are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 118,601	\$ 6,247	\$ 124,848
2024	121,684	3,164	124,848
Total	<u>\$ 240,285</u>	<u>\$ 9,411</u>	<u>\$ 249,696</u>

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 \$357,364 is recorded as Governmental Activities at June 30, 2022.

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Direct Borrowing – Leases (Continued)

Pierce Pumper & Tiller (Continued)

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

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 116,185	\$ 8,958	\$ 125,143
2024	119,097	6,046	125,143
2025	122,082	3,060	125,142
Total	<u>\$ 357,364</u>	<u>\$ 18,064</u>	<u>\$ 375,428</u>

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 \$1,644,000 is recorded as Governmental Activities at June 30, 2022.

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
2023	\$ 163,000	\$ 62,813	\$ 225,813
2024	171,000	56,099	227,099
2025	179,000	49,064	228,064
2026	191,000	41,627	232,627
2027	120,000	35,376	155,376
2028-2032	668,000	99,816	767,816
2033	152,000	3,055	155,055
Total	<u>\$ 1,644,000</u>	<u>\$ 347,850</u>	<u>\$ 1,991,850</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Direct Borrowing – Leases (Continued)

Pierce Enforcer Pumper

On October 18, 2017, the City, using lease purchase financing, purchased a Pierce Enforcer Pumper fire engine for a total of \$561,605. The City will make six annual payments of \$101,822, beginning on October 18, 2018 and ending October 18, 2023 at 2.40% interest. Debt payable of \$169,370 is recorded as Governmental Activities on June 30, 2022.

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 Pierce Enforcer Pumper are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 96,992	\$ 4,830	\$ 101,822
2024	99,378	2,444	101,822
Total	<u>\$ 196,370</u>	<u>\$ 7,274</u>	<u>\$ 203,644</u>

Altec Aerial Lift

On December 19, 2017, the City, using lease purchase financing, purchased an Altec Aerial Lift Truck for a total of \$157,983. The City will make six annual payments of \$28,903, beginning on December 19, 2018 and ending December 19, 2023. Debt payable of \$55,522 is recorded as Governmental Activities on June 30, 2022.

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 Altec Aerial Lift are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 27,387	\$ 1,516	\$ 28,903
2024	28,135	768	28,903
Total	<u>\$ 55,522</u>	<u>\$ 2,284</u>	<u>\$ 57,806</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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 \$35,775,000 is recorded as Governmental Activities on June 30, 2022.

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
2023	\$ 2,910,000	\$ 1,564,194	\$ 4,474,194
2024	3,060,000	1,414,944	4,474,944
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
2028-2032	18,675,000	1,935,259	20,610,259
2033-2036	1,010,000	16,413	1,026,413
Total	<u>\$ 35,775,000</u>	<u>\$ 8,203,642</u>	<u>\$ 43,978,642</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 \$13,915,000 is recorded as Governmental Activities on June 30, 2022.

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, 2022

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
2023	\$ 220,000	\$ 562,369	\$ 782,369
2024	235,000	550,994	785,994
2025	240,000	539,119	779,119
2026	255,000	526,744	781,744
2027	345,000	512,213	857,213
2028-2032	1,985,000	2,296,262	4,281,262
2033-2037	2,455,000	1,833,375	4,288,375
2038-2042	2,960,000	1,324,872	4,284,872
2043-2047	3,585,000	687,562	4,272,562
2048-2051	1,635,000	65,213	1,700,213
Total	<u>\$ 13,915,000</u>	<u>\$ 8,898,723</u>	<u>\$ 22,813,723</u>

Police/Fire Radios & PW Equipment

The City of Salinas Motorola Radios and Public Work Equipment 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 \$2,091,610 is recorded as Governmental Activities on June 30, 2022.

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
2023	\$ 499,057	\$ 65,258	\$ 564,315
2024	514,627	49,688	564,315
2025	530,684	33,631	564,315
2026	547,242	17,073	564,315
Total	<u>\$ 2,091,610</u>	<u>\$ 165,650</u>	<u>\$ 2,257,260</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 \$1,330,913 is recorded as Governmental Activities on June 30, 2022.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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
2023	\$ 257,388	\$ 22,359	\$ 279,747
2024	261,712	18,035	279,747
2025	266,109	13,638	279,747
2026	270,579	9,168	279,747
2027	275,125	4,622	279,747
Total	<u>\$ 1,330,913</u>	<u>\$ 67,822</u>	<u>\$ 1,398,735</u>

Street Sweepers

On April 6, 2017 the City, using lease purchase financing, purchased a second street sweeper. The City will make six annual payments of \$58,774 at 2.57% interest. Debt payable of \$57,301 is recorded governmental activities at June 30, 2022.

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. The financing authority may also elect to terminate the lease, with the City liable for all costs, losses, or damages incurred by the financing authority.

Debt service requirements to maturity for the Street Sweepers are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 57,301	\$ 1,473	\$ 58,774
Total	<u>\$ 57,301</u>	<u>\$ 1,473</u>	<u>\$ 58,774</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Direct Borrowing – Leases (Continued)

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 2022.

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

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 177,972	\$ 15,566	\$ 193,538
2024	121,997	8,225	130,222
2025	94,968	3,190	98,158
Total	<u>\$ 394,937</u>	<u>\$ 26,981</u>	<u>\$ 421,918</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 \$35,370,000 plus premiums and discounts of \$2,870,502 are recorded as Governmental Activities at June 30, 2022.

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.

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

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 750,000	\$ 1,561,575	\$ 2,311,575
2024	800,000	1,522,825	2,322,825
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
2028-2032	5,285,000	6,320,150	11,605,150
2033-2037	6,710,000	4,866,625	11,576,625
2038-2042	8,565,000	2,966,750	11,531,750
2043-2047	10,595,000	952,788	11,547,788
Total	<u>\$ 35,370,000</u>	<u>\$ 22,521,038</u>	<u>\$ 57,891,038</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation Bonds (Continued)

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.

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 \$1,975,000 is recorded in the governmental activities at June 30, 2022.

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation Bonds (Continued)

Series 2020A Twin Creeks (Continued)

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

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 365,000	\$ 71,700	\$ 436,700
2024	380,000	56,800	436,800
2025	395,000	41,300	436,300
2026	410,000	25,200	435,200
2027	425,000	8,500	433,500
Total	<u>\$ 1,975,000</u>	<u>\$ 203,500</u>	<u>\$ 2,178,500</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.

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 is 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 \$3,830,000 is recorded in the governmental activities at June 30, 2022.

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation Bonds (Continued)

Series 2020B Fairways (Continued)

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

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 110,000	\$ 95,118	\$ 205,118
2024	120,000	93,997	213,997
2025	135,000	92,537	227,537
2026	155,000	90,619	245,619
2027	165,000	88,184	253,184
2028-2032	1,075,000	380,989	1,455,989
2033-2037	1,400,000	210,000	1,610,000
2038-2041	670,000	20,400	690,400
Total	<u>\$ 3,830,000</u>	<u>\$ 1,071,844</u>	<u>\$ 4,901,844</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 is 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 \$14,785,000 is recorded as Governmental Activities at June 30, 2022.

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation Bonds (Continued)

Series 2020A Energy (2014) (Continued)

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

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 935,000	\$ 589,750	\$ 1,524,750
2024	1,005,000	550,950	1,555,950
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
2028-2032	7,545,000	1,235,825	8,780,825
2033-2036	1,830,000	36,600	1,866,600
Total	\$ 14,785,000	\$ 3,803,675	\$ 18,588,675

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.

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 \$3,335,000 is recorded as Governmental Activities at June 30, 2022.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation Bonds (Continued)

Series 2020A SVSWA (2015B) (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
2023	\$ 545,000	\$ 122,500	\$ 667,500
2024	565,000	100,300	665,300
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>\$ 3,335,000</u>	<u>\$ 390,100</u>	<u>\$ 3,725,100</u>

Assessment District Bonds

At June 30, 2022, outstanding Assessment District Bonds totaled \$8,290,000 plus bond premiums of \$509,773. 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 \$1,822,791 at June 30, 2022.

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)

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Assessment District Bonds (Continued)

Assessment District 2017 Act Bonds (Continued)

The refunding of the assessment districts debt reduced total debt service payments over 9 years by \$937,889. This results was 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 \$970,000 is recorded in Governmental Activities at June 30, 2022.

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
2023	\$ 430,000	\$ 19,170	\$ 449,170
2024	450,000	8,095	458,095
2025	45,000	1,823	46,823
2026	45,000	608	45,608
Total	<u>\$ 970,000</u>	<u>\$ 29,696</u>	<u>\$ 999,696</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 \$2,644,938 is recorded as Governmental Activities at June 30, 2022.

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 #1 bonds are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 55,000	\$ 104,769	\$ 159,769
2024	55,000	103,669	158,669
2025	55,000	102,534	157,534
2026	55,000	100,575	155,575
2027	60,000	97,700	157,700
2028-2032	340,000	441,675	781,675
2033-2037	410,000	369,988	779,988
2038-2042	490,000	286,225	776,225
2043-2047	620,000	156,875	776,875
2048-2051	435,000	26,500	461,500
Total	<u>\$ 2,575,000</u>	<u>\$ 1,790,510</u>	<u>\$ 4,365,510</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Assessment District Bonds (Continued)

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 \$2,246,888 is recorded as Governmental Activities at June 30, 2022.

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
2023	\$ 40,000	\$ 87,350	\$ 127,350
2024	45,000	85,850	130,850
2025	45,000	84,050	129,050
2026	45,000	82,250	127,250
2027	50,000	80,350	130,350
2028-2032	270,000	370,750	640,750
2033-2037	330,000	312,150	642,150
2038-2042	390,000	252,000	642,000
2043-2047	480,000	150,750	630,750
2048-2051	355,000	27,375	382,375
Total	<u>\$ 2,050,000</u>	<u>\$ 1,532,875</u>	<u>\$ 3,582,875</u>

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 \$2,937,947 is recorded as Governmental Activities at June 30, 2022.

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, 2022

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) (Continued)

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

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 50,000	\$ 106,550	\$ 156,550
2024	55,000	104,700	159,700
2025	55,000	102,500	157,500
2026	55,000	100,300	155,300
2027	60,000	98,000	158,000
2028-2032	335,000	451,900	786,900
2033-2037	410,000	377,400	787,400
2038-2042	500,000	287,000	787,000
2043-2047	600,000	177,000	777,000
2048-2051	575,000	47,300	622,300
Total	<u>\$ 2,695,000</u>	<u>\$ 1,852,650</u>	<u>\$ 4,547,650</u>

B. Business-Type Activities

A summary of changes in long-term debt for business-type activities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Prior Period Adjustments	Additions	Retirements	Balance June 30, 2022	Amount due within one year	Amount due in more than one year
<i>Business-type Activities</i>							
Direct borrowings and placements:							
Monterey Parking Garage 2014 lease	\$ 9,590,000	\$ -	\$ -	\$ (578,000)	\$ 9,012,000	\$ 599,000	\$ 8,413,000
Street sweeper lease	113,167	(113,167)		-	-	-	-
HUD Section 108 loan	1,953,000			(460,000)	1,493,000	478,000	1,015,000
Total direct borrowings and placements	<u>11,656,167</u>	<u>(113,167)</u>	<u>-</u>	<u>(1,038,000)</u>	<u>10,505,000</u>	<u>1,077,000</u>	<u>9,428,000</u>
Certificates of Participation:							
Series 2020A-Twin Creeks	2,330,000	(2,330,000)		-	-	-	-
Series 2020B Fairways	3,930,000	(3,930,000)		-	-	-	-
Bond premium/(discount):							
Series 2020A-Twin Creeks	272,085	(272,085)		-	-	-	-
Total Certificates of Participation:	<u>6,532,085</u>	<u>(6,532,085)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue Bonds:							
Wastewater 2020A	14,425,000	-	-	(555,000)	13,870,000	560,000	13,310,000
Total Revenue Bonds	<u>14,425,000</u>	<u>-</u>	<u>-</u>	<u>(555,000)</u>	<u>13,870,000</u>	<u>560,000</u>	<u>13,310,000</u>
Total business-type activities	<u>\$ 32,613,252</u>	<u>\$(6,645,252)</u>	<u>\$ -</u>	<u>\$ (1,593,000)</u>	<u>\$ 24,375,000</u>	<u>\$ 1,637,000</u>	<u>\$ 22,738,000</u>

A prior period adjustment of \$(6,645,252) was made to move certain debts to Governmental Activities.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

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 \$9,012,000 is recorded in the Downtown Parking District Enterprise Fund at June 30, 2022 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
2023	\$ 599,000	\$ 350,243	\$ 949,243
2024	625,000	325,640	950,640
2025	646,000	300,093	946,093
2026	674,000	273,561	947,561
2027	700,000	245,944	945,944
2028-2032	3,954,000	774,654	4,728,654
2033-2036	1,814,000	73,606	1,887,606
Total	<u>\$ 9,012,000</u>	<u>\$ 2,343,741</u>	<u>\$ 11,355,741</u>

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 will execute 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 Waste Water Conveyance System Project) in the principal amount of \$4,000,000. The City of Salinas has pledged current and future Community Development Block Grants (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 \$1,493,000 is recorded in the Industrial Waste Enterprise Fund at June 30, 2022 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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Direct Placement Debt (Continued)

Debt service requirements to maturity is as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 478,000	\$ 34,535	\$ 512,535
2024	497,000	21,721	518,721
2025	518,000	7,382	525,382
Total	<u>\$ 1,493,000</u>	<u>\$ 63,638</u>	<u>\$ 1,556,638</u>

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 results 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 \$13,870,000 is recorded as Business-type Activities at June 30, 2022.

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
2023	\$ 560,000	\$ 300,293	\$ 860,293
2024	565,000	297,532	862,532
2025	565,000	293,504	858,504
2026	565,000	288,233	853,233
2027	580,000	281,693	861,693
2028-2032	3,025,000	1,259,853	4,284,853
2033-2037	3,345,000	911,032	4,256,032
2038-2042	3,830,000	410,564	4,240,564
2043-2046	835,000	12,279	847,279
Total	<u>\$ 13,870,000</u>	<u>\$ 4,054,983</u>	<u>\$ 17,077,704</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

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, 2022, the total conduit debt outstanding related to these bonds is \$3,070,000.

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, 2022, total conduit debt outstanding related to the Economic Development Revenue Bonds is \$13,760,000.

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.

C. Fiduciary Activities

A summary of changes in long-term debt for fiduciary activities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	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	1,625,000	-	(130,000)	1,495,000	135,000	1,360,000
1992 Series A	333,539	-	(172,406)	161,133	161,133	-
Bond premium/(discount):						
1996 Series A	(26,754)	-	8,919	(17,835)	-	(17,835)
Total Tax Allocation Refunding Bonds	1,931,785	-	(293,487)	1,638,298	296,133	1,342,165
Total fiduciary activities	\$ 2,089,285	\$ -	\$ (293,487)	\$ 1,795,798	\$ 296,133	\$ 1,499,665

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

C. Successor Agency (Continued)

Loans and Notes Payable (Continued)

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
2023	\$ -	\$ -	\$ -
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028-2032	-	-	-
2033-2037	-	-	-
2038-2041	157,500	-	157,500
Total	<u>\$ 157,500</u>	<u>\$ -</u>	<u>\$ 157,500</u>

Tax Allocation Bonds

On August 28, 1996, the former Salinas Redevelopment Agency issued \$11,145,000 of Tax Allocation Bonds Series A-1996. On October 27, 1992, the former Redevelopment Agency issued \$6,541,178 of Refunding Tax Allocation Bonds Series A-1992. The bonds were issued to complete project improvements in the Central Agency Revitalization Project area. The bonds were repaid from property taxes levied within the Salinas Redevelopment Agency Central City Revitalization Project through January 31, 2012, the dissolution date. This debt is now being paid with taxes received from the Redevelopment Property Tax Trust Fund in accordance with the Recognized Obligation Payments Schedule submitted by the Successor Agency and approved by the State Department of Finance.

The Series A-1996 bond issue has a term bond of \$4,510,000 that matures on November 1, 2023. Debt service payments beginning in fiscal year 2011-2012 are deposits into a sinking fund. The term bonds are subject to redemption prior to maturity from the sinking fund installments on each November 1 on and after November 1, 2011 without premium according to a specified schedule, which is used in these debt service requirements. The outstanding balance at June 30, 2022 was \$1,495,000.

The annual debt service requirements for the 1996 Series A bonds at June 30, 2022 are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 135,000	\$ 78,512	\$ 213,512
2024	1,360,000	37,400	1,397,400
Total	<u>\$ 1,495,000</u>	<u>\$ 115,912</u>	<u>\$ 1,610,912</u>

The Series A-1992 bond issue has a term bond of \$2,638,475 that matures on November 1, 2022. Debt service payments beginning in fiscal year 2009-2010 are deposits into a sinking fund. The term bonds are subject to redemption prior to maturity from the sinking fund installments on each November 1 on and after November 1, 2009 without premium according to a specified schedule that is used in these debt service requirements. The outstanding balance at June 30, 2022 was \$161,133.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Long-Term Debt (Continued)

C. Successor Agency (Continued)

Tax Allocation Bonds (Continued)

The annual debt service requirements for the 1992 Series A bonds at June 30, 2022 are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 161,133	\$ 1,053,867	\$ 1,215,000
Total	\$ 161,133	\$ 1,053,867	\$ 1,215,000

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, 2022 the liability for all compensated absences totaled \$12,172,829.

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

	June 30, 2021	Prior Period Adjustment	Increases	Decreases	June 30, 2022	Due within one year	Due in more than one year
Governmental activities:							
General Fund	\$ 9,548,105	\$ 226,345	\$ 77,845	\$ (1,189,104)	\$ 8,663,191	\$ 1,732,632	\$ 6,930,559
Measure E	1,005,718	-	85,315	-	1,091,033	218,207	872,826
Measure G	1,372,191	-	112,766	-	1,484,957	296,991	1,187,966
Special revenue funds	308,687	-	-	(53,612)	255,075	51,015	204,060
Internal service funds	141,223	-	-	(10,537)	130,686	26,138	104,548
Total governmental activities	12,375,924	226,345	275,926	(1,253,253)	11,624,942	2,324,983	9,299,959
Business-type activities							
Enterprise funds	607,904	(226,345)	166,328	-	547,887	109,577	438,310
Total business-type activities	607,904	(226,345)	166,328	-	547,887	109,577	438,310
Total primary government	\$ 12,983,828	\$ -	\$ 442,254	\$ (1,253,253)	\$ 12,172,829	\$ 2,434,560	\$ 9,738,269

A prior period adjustment in the amount of \$226,345 was made to move the liability from business-type activities to governmental activities.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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.

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, 2022 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.

Worker’s Compensation insurance liability of \$26,950,000 includes \$22,331,055 for claims incurred but not paid and \$4,618,945 for claims incurred but not reported which is based on expected claims and past claims history. At June 30, 2022, 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, 2022 is \$25,311,515 and is reported in the Internal Service Fund and \$1,638,485 is treated as general long-term debt.

General liability insurance liability at June 30, 2022 of \$4,340,195 that is reported in the Internal Service Fund includes \$3,261,437 for claims incurred but not paid and \$1,078,758 for claims incurred but not reported which is based on expected claims and past claims history. A deficit is reported with the internal service funds of \$3,014,068 at June 30, 2022 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, 2022.

At June 30, 2022, the City’s insurance claims liability is recorded as follows:

	Internal Service Funds	General Long-term Debt	Total
Worker's compensation	\$ 25,311,515	\$ 1,638,485	\$ 26,950,000
General liability	4,340,195	-	4,340,195
Total	\$ 29,651,710	\$ 1,638,485	\$ 31,290,195

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 15 – Risk Management (Continued)

Changes to the claims liability for fiscal year ended June 30, 2022 are as follows:

	<u>Worker's Compensation</u>	<u>General Liability</u>	<u>Total</u>
Beginning balance of claims liability	\$ 26,656,171	\$ 3,157,700	\$ 29,813,871
Less beginning provisions for incurred but not reported claims	<u>(5,331,234)</u>	<u>(1,076,220)</u>	<u>(6,407,454)</u>
Beginning provisions for incurred but not paid claims	21,324,937	2,081,480	23,406,417
Increase (decrease) in claims incurred and reported	5,964,695	2,789,033	8,753,728
Claims expenses paid	<u>(4,958,577)</u>	<u>(1,609,076)</u>	<u>(6,567,653)</u>
Ending balance provision for incurred but not paid claims	22,331,055	3,261,437	25,592,492
Provisions for incurred but not reported claims	<u>4,618,945</u>	<u>1,078,758</u>	<u>5,697,703</u>
Ending balance of claims liability	<u>\$ 26,950,000</u>	<u>\$ 4,340,195</u>	<u>\$ 31,290,195</u>
Amount due within one year	\$ 4,420,503	\$ 3,069,479	\$ 7,489,982
Amount due in more than one year	<u>22,529,497</u>	<u>1,270,716</u>	<u>23,800,213</u>
Total	<u>\$ 26,950,000</u>	<u>\$ 4,340,195</u>	<u>\$ 31,290,195</u>

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 \$63,428,897, in the Government-Wide Statements. Governmental funds report \$63,428,897 of unearned revenues and \$8,230,637 of unavailable revenues as deferred inflows of resources that are not available resources.

Unearned revenues of the governmental activities at June 30, 2022 consist of the following:

Governmental Activities:

Major funds:

American Rescue Plan Act (ARPA) Fund	\$ 50,875,929
Housing and Urban Development Grant Fund	4,078,807

Nonmajor funds:

Special revenue funds:

Grants Fund	184,161
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Debt service funds:

Assessment District Debt Service	970,000
2019 Special Tax Montebella	7,320,000

Total governmental activities	<u>\$ 63,428,897</u>
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City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 16 – Unearned Revenues and Deferred Inflows of Resources (Continued)

Unavailable revenues of the governmental activities at June 30, 2022 consist of the following:

Governmental Activities:		<u>Type</u>
Major funds:		
Housing and Urban Development Fund	\$ 3,743,533	Housing loans
Special revenue funds:		
Vehicle Abatement Fund	40,121	Unavailable grants receivable
Affordable Housing Fund	756,258	Housing loans
Grants Fund	345,800	Unavailable grants receivable
Capital projects funds:		
Special Construction Assistance Fund	3,215,947	Unavailable grants receivable
Special Aviation Fund	128,978	Unavailable grants receivable
Total governmental activities	<u>\$ 8,230,637</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, 2022, 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.

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

<u>Net Pension Liability</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CalPERS pension plans:			
Agent multiple-employer - Miscellaneous	\$ 15,393,994	\$ 1,900,685	\$ 17,294,679
Agent multiple-employer - Safety-Police	84,155,587	-	84,155,587
Cost sharing multiple-employer - Safety Fire	33,145,570	-	33,145,570
New York Life - single employer	3,560,476	-	3,560,476
Total net pension liability	<u>\$ 136,255,627</u>	<u>\$ 1,900,685</u>	<u>\$ 138,156,312</u>

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

<u>Deferred Outflows of Resources</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CalPERS pension plans:			
Agent multiple-employer - Miscellaneous	\$ 5,341,164	\$ 659,470	\$ 6,000,634
Agent multiple-employer - Safety-Police	13,918,001	-	13,918,001
Cost sharing multiple-employer - Safety Fire	14,007,322	-	14,007,322
New York Life - single employer	162,458	-	162,458
Total deferred outflows of resources	<u>\$ 33,428,945</u>	<u>\$ 659,470</u>	<u>\$ 34,088,415</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs

A. Summary (Continued)

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

<u>Deferred Inflows of Resources</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CalPERS pension plans:			
Agent multiple-employer - Miscellaneous	\$ 10,240,212	\$ 1,264,352	\$ 11,504,564
Agent multiple-employer - Safety-Police	25,134,766	-	25,134,766
Cost sharing multiple-employer - Safety Fire	23,042,424	-	23,042,424
New York Life - single employer	790,816	-	790,816
Total deferred inflows of resources	<u>\$ 59,208,218</u>	<u>\$ 1,264,352</u>	<u>\$ 60,472,570</u>

Pension expense reported in the financial statements as follows:

<u>Pension Expense</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CalPERS pension plans:			
Agent multiple-employer - Miscellaneous	\$ 2,033,692	\$ 251,099	\$ 2,284,791
Agent multiple-employer - Safety-Police	7,191,658	-	7,191,658
Cost sharing multiple-employer - Safety Fire	5,941,674	-	5,941,674
New York Life - single employer	1,856,239	-	1,856,239
Total pension expense	<u>\$ 17,023,263</u>	<u>\$ 251,099</u>	<u>\$ 17,274,362</u>

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, 2021, the measurement date, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous</u>	<u>Safety - Police</u>
Inactive employees or beneficiaries currently receiving benefits	196	269
Inactive employees entitled to, but not yet receiving benefits	268	117
Active employees	269	156
Total	<u>733</u>	<u>542</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

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, 2022 are summarized as follows:

	Miscellaneous	
	Prior to	On or After
	January 1, 2013*	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	2.0% to 2.45%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.00%
Required employer contribution rates	8.62%	8.62%
	Safety - Police	
	Prior to	On or After
	January 1, 2013*	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	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	13.50%
Required employer contribution rates	21.98%	21.98%

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:

	Employer Contributions	
Miscellaneous	\$	4,193,288
Safety - Police		12,406,841

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

Benefits Provided (Continued)

Actuarial Methods and Assumptions used to determine Total Pension Liability - The June 30, 2020 valuation was rolled forward to determine the June 30, 2020 total pension liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. Contract COLA up to 2.50% until purchasing power applies.
Post Retirement Benefit Increase	Protection allowance floor on purchasing power applies.

(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 2017 Experience Study report (based on CalPERS demographic data from 1997 to 2015) 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.

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>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11 +²</u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	7.00%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

¹ An expected inflation of 2.00% was used for this period.

² An expected inflation of 2.92% was used for this period.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

Benefits Provided (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. 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.

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, 2021 measurement date are 4.1 and 3.5 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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

Benefits Provided (Continued)

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			
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2020 (Valuation Date)	\$ 133,299,386	\$ 100,787,549	\$ 32,511,837
Changes in the year:			
Service cost	3,130,339	-	3,130,339
Interest on the total pension liabilities	9,498,842	-	9,498,842
Changes in assumptions	-	-	-
Differences between expected and actual experience	727,132	-	727,132
Benefit payments, including refunds of members contributions	(5,481,505)	(5,481,505)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	4,273,977	(4,273,977)
Contributions - employee	-	1,464,611	(1,464,611)
Net investment income	-	22,935,564	(22,935,564)
Administrative expenses	-	(100,681)	100,681
Net changes	<u>7,874,808</u>	<u>23,091,966</u>	<u>(15,217,158)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 141,174,194</u>	<u>\$ 123,879,515</u>	<u>\$ 17,294,679</u>

Safety - Police			
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2020 (Valuation Date)	\$ 325,186,524	\$ 206,759,103	\$ 118,427,421
Changes in the year:			
Service cost	6,086,593	-	6,086,593
Interest on the total pension liabilities	22,716,035	-	22,716,035
Changes in assumptions	-	-	-
Differences between expected and actual experience	(2,364,429)	-	(2,364,429)
Benefit payments, including refunds of members contributions	(16,317,199)	(16,317,199)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	11,629,887	(11,629,887)
Contributions - employee	-	2,305,151	(2,305,151)
Net investment income	-	46,981,535	(46,981,535)
Administrative expenses	-	(206,540)	206,540
Net changes	<u>10,121,000</u>	<u>44,392,834</u>	<u>(34,271,834)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 335,307,524</u>	<u>\$ 251,151,937</u>	<u>\$ 84,155,587</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

Benefits Provided (Continued)

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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
Miscellaneous	\$ 36,786,033	\$ 17,294,679	\$ 1,200,340
Safety - Police	\$ 130,063,023	\$ 84,155,587	\$ 46,590,081

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions For the measurement period ending June 30, 2021 (the measurement date), the City of Salinas recognized a pension expense of \$9,476,449 for the miscellaneous and safety (police) plans.

For the measurement period ending June 30, 2021 (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	\$ 4,193,288	\$ -
Difference between projected and actual earning on pension plan investments	-	(11,392,473)
Changes in assumptions	-	(112,091)
Differences between expected and actual experience	1,807,346	-
Total	\$ 6,000,634	\$ (11,504,564)

Safety - Police		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 12,406,841	\$ -
Difference between projected and actual earning on pension plan investments	-	(23,445,888)
Changes in assumptions	-	-
Differences between expected and actual experience	1,511,160	(1,688,878)
Total	\$ 13,918,001	\$ (25,134,766)

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

Benefits Provided (Continued)

\$4,193,288 and \$12,406,841 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, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Miscellaneous	Safety - Police
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2023	\$ (2,017,896)	\$ (5,348,547)
2024	(2,033,398)	(5,860,355)
2025	(2,517,796)	(5,955,333)
2026	(3,128,128)	(6,459,371)
2027	-	-
Thereafter	-	-
	<u>\$ (9,697,218)</u>	<u>\$ (23,623,606)</u>

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.

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, 2022, 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	3.00%	2.0% to 2.7%	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	13.75%	9.00%	13.25%
Required employer contribution rates	25.59%	13.75%	22.47%	13.25%

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

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	\$	6,791,444

Pension Liabilities, Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions – As of June 30, 2022, the City reported net pension liabilities for its proportionate share of the net pension liability as of June 30, 2022 and 2021 were as follows:

	Increase (Decrease)		
Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)	
Balance at: 6/30/20 (Valuation date)	\$ 187,360,606	\$ 134,725,054	\$ 52,635,552
Balance at: 6/30/21 (Measurement date)	193,123,087	159,977,517	33,145,570
Net changes during 2020-2021	\$ 5,762,481	\$ 25,252,463	\$ (19,489,982)

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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2021 and 2020 measurement dates were as follows:

	Percentage Share of Risk Pool
Proportion June 30, 2020	0.483764%
Proportion June 30, 2021	0.612870%
Change - Increase (Decrease)	0.129106%

For the year ended June 30, 2022 (measurement date June 30, 2021), the City of Salinas recognized a pension expense of \$5,941,674 for the Safety Plan (Fire).

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

As of June 30, 2022 the City of Salinas reports deferred outflow and deferred inflow of resources related to pensions as follows:

Safety - Fire		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 6,791,444	\$ -
Difference between projected and actual earning on pension plan investments	-	(19,727,986)
Adjustment due to differences in proportions	1,552,985	(39,252)
Changes in assumptions	-	-
Difference between actual and expected experience	5,662,893	-
Difference between employer's actual contributions and proportionate share of contributions	-	(3,275,186)
Total	\$ 14,007,322	\$ (23,042,424)

\$6,791,444 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, 2023.

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
2023	\$ (2,910,422)
2024	(3,247,609)
2025	(4,239,649)
2026	(5,428,866)
2027	-
Thereafter	-
	\$ (15,826,546)

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

Actuarial Methods and Assumptions used to determine Total Pension Liability - The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

Discount Rate - The discount rate used to measure the total pension liability for PERF C was 7.15%. 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.

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11 +²</u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

¹ An expected inflation of 2.00% was used for this period.

² An expected inflation of 2.92% was used for this period.

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, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (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.

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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15) than the current rate:

<u>Plan's Aggregate Net Pension Liability/(Asset)</u>		
<u>Discount Rate - 1%</u> <u>(6.15%)</u>	<u>Current Discount</u> <u>Rate (7.15%)</u>	<u>Discount Rate + 1%</u> <u>(8.15%)</u>
\$ 59,141,605	\$ 33,145,570	\$ 11,793,039

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

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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 \$5,813,965 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, 2021 (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	41
Inactive employees entitled to, but not yet receiving benefits	7
Active employees	7
Total	55

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – As of June 30, 2022 (Measurement Date - August 31, 2021) and June 30, 2021, (Measurement Date – August 31, 2020), 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: 8/31/20 (measurement date)	\$ 13,890,599	\$ 5,911,440	\$ 7,979,159
Balance at: 8/31/21 (measurement date)	13,422,823	9,862,347	3,560,476
Net changes during 2020-2021	\$ (467,776)	\$ 3,950,907	\$ (4,418,683)
Funded Status @ 8/31/21 measurement date	73.47%		

The City’s net pension liability is measured as of August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 1, 2021.

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 6/30/2021 (8/31/20 measurement date)	\$ 13,890,599	\$ 5,911,440	\$ 7,979,159
Changes in the year:			
Service cost	345,756	-	345,756
Interest on the total pension liabilities	283,983	-	283,983
Changes in assumptions	(37,244)	-	(37,244)
Differences between expected and actual experience	1,595,858	-	1,595,858
Benefit payments, including refunds of members contributions	(2,656,129)	(2,656,129)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	5,695,926	(5,695,926)
Contributions - employee	-	34,635	(34,635)
Net investment income	-	894,536	(894,536)
Administrative expenses	-	(18,061)	18,061
Net changes	(467,776)	3,950,907	(4,418,683)
Balance at June 30, 2022 (8/31/21 measurement date)	\$ 13,422,823	\$ 9,862,347	\$ 3,560,476

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

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 2.14 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 (1.14 percent) or 1 percentage-point higher (3.14 percent) than the current rate:

Plan's Aggregate Net Pension Liability/(Asset)		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(1.14%)	Rate (2.14%)	(3.14%)
<u>\$ 4,708,758</u>	<u>\$ 3,560,476</u>	<u>\$ 2,652,390</u>

As of June 30, 2022, 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	\$ 162,458	\$ -
Difference between projected and actual earning on pension plan investments	-	(790,816)
Total	<u>\$ 162,458</u>	<u>\$ (790,816)</u>

\$162,458 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, 2023.

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/</u>
2023	\$ (233,661)
2024	(245,627)
2025	(177,398)
2026	(134,130)
2027	-
Thereafter	-
	<u>\$ (790,816)</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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

Actuarial Methods and Assumptions used to Determine Total Pension Liability - For the measurement period ended August 31, 2021 (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, 2021
Measurement date	August 31, 2021
Contribution policy	City contributes full ADC
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	2.14% at August 31, 2021 - discount rate used is the 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	3.4% at August 31, 2020
Inflation	2.25%
Mortality	CalPERS 2000-2019 Experience Study
Mortality improvement	Post-retirement 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 - annuity for all participants; lump sum for all other participants, valued using UP-1984 Mortality Table with 1% interest rate
NY Life guaranteed annuity contract	Value of payments expected to be made under contract excluded from total pension liability (contract assets not included in fiduciary net position)

Changes Since Prior Measurement Date – The following changes were applied since the prior measurement date of August 31, 2021:

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

Changes of benefit terms - none

Discount Rate – The discount rate used to measure the total pension liability was 2.14%. 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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

E. ICMA Retirement Corporation Defined Contribution Plan

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

Asset Class	Target Allocation	Expected Rate of Return
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, 2021 is as follows:

	New York Life
Assets:	
Investments:	
New York Life Fixed Dollar Account	\$ 537,804
New York Life Mainstay Total Return Bond Fund	5,813,965
Total investments	6,351,769
Liabilities:	
Accrued expenses	-
Fiduciary net position	\$ 634,129

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.

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, 2022, there were 5 participants receiving a total of \$114,127 in this form of benefit while there were 2 participants in the ICMA 401(a) money Purchase Plan with a City annual contribution was \$19,781 while the employees had an equal mandatory matching contribution of \$19,781.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

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 418 participants and a balance of \$55,295,611 at June 30, 2022. 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, 2022 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 228 participants and a balance of \$7,275,923 in net assets at June 30, 2022. 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, 2022.

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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 17 – Retirement Programs (Continued)

F. Deferred Compensation Plans (Continued)

Trust Deed Program (Continued)

As of June 30, 2022, 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.

Central Coast Federal Credit Union (CCFCU)

This third deferred compensation plan was established in August 1993. The plan funds are backed by the full faith and credit of the U.S. Government and are also insured by the National Credit Union Administration (NCUA), an agency of the federal government for up to \$250,000. Central Coast collateralizes any amounts invested in their savings accounts in excess of NCUA insurance limits in accordance with applicable law. As of December 31, 2020, CCFCU became the service provider for the plan and the City keeps the employees' enrollment and send their payroll elective deduction to CCFCU.

There were 78 participants with a balance at June 30, 2022 is \$7,074,352. All employees are eligible to participate through voluntary salary deductions. The assets for this plan are not reported on the City's financial statements.

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 28 participants with a balance of \$3,448,722 at June 30, 2022. 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 follow:

	Governmental	Business-Type	
	Activities	Activities	Total
Net OPEB Liability	\$ 16,238,956	\$ 819,308	\$ 17,058,264
Deferred outflows of resources	5,248,155	264,787	5,512,942
Deferred inflows of resources	11,250,198	567,609	11,817,807
OPEB expense	1,134,784	57,254	1,192,038

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 18 – Other Postemployment Benefits (Continued)

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.

For this report, the following timeframes are used:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021
Fiscal year end	June 30, 2022

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 it’s 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, 2022
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 (\$139 per month in 2021). 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 (\$143 per month in 2021). 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, 2022

Note 18 – Other Postemployment Benefits (Continued)

A. General Information About the OPEB Plan (Continued)

Employees Covered: As of the June 30, 2021 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	144
Inactive employees entitled to, but not yet receiving benefits	352
Active employees	501
Total	997

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, 2022, the City’s cash contributions were \$300,206 in premium payments made on behalf of retirees, \$250,000 payments to the trust, implied subsidy payments of \$385,000, and administrative expenses of \$4,845, resulting in total payments of \$941,051.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.87%. 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:

Asset Class	Target Allocation* CERBT-S strategy	Expected Real Rate of Return
Global equity	59.00%	4.82%
Fixed income	25.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
	100.00%	
Assumed long-term rate of inflation		2.75%
Expected long-term rate of return, rounded		6.75%

* Policy target effective October 1, 2018

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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, 2021	\$ 27,819,852	\$ 3,058,247	\$ 24,761,605
Changes Recognized for the Measurement Period:			
Service Cost	1,639,274	-	1,639,274
Interest on the total OPEB liability	884,846	-	884,846
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(4,117,866)	-	(4,117,866)
Changes in assumptions	(4,258,871)	-	(4,258,871)
Contribution from the employer	-	959,007	(959,007)
Net investment income	-	897,217	(897,217)
Administrative expenses	-	(5,500)	5,500
Benefit payments	(704,749)	(704,749)	-
Net changes during July 1, 2021 to June 30, 2022	(6,557,366)	1,145,975	(7,703,341)
Balance at June 30, 2022	<u>\$ 21,262,486</u>	<u>\$ 4,204,222</u>	<u>\$ 17,058,264</u>

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% (2.87%)	Current Discount Rate (3.87%)	Discount Rate +1% (4.87%)
\$ 20,457,340	\$ 17,058,264	\$ 14,325,309

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, 2021:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Trend Rate	+1%
\$ 13,993,313	\$ 17,058,264	\$ 20,994,494

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

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$1,192,038.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 18 – Other Postemployment Benefits (Continued)

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

As of fiscal year ended June 30, 2022, 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	\$ 940,051	\$ -
Differences between expected and actual experience	-	(6,392,087)
Changes in assumptions	4,572,891	(4,945,910)
Net difference between projected and actual earnings of OPEB Plan investments	-	(479,810)
	\$ 5,512,942	\$ (11,817,807)

Deferred outflows of resources in the amount of \$940,051 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, 2023.

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

Year Ending June 30	Amount
2023	\$ (1,104,499)
2024	(1,099,953)
2025	(1,103,502)
2026	(1,122,748)
2027	(892,723)
Thereafter	(1,921,491)
Total	\$ (7,244,916)

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, 2022

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, 2019 based on the following significant actuarial methods and assumptions:

Actuarial valuation date	June 30, 2021
Contribution policy	City contributes \$250,000 annually and pays benefit outside of trust
Discount rate	3.87%
Municipal bond rate	3.87% (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 - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076
	Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076
PEMHCA minimum increases	4.00% annually
Cap increases	None
Healthcare participation	100% for Safety \$100 benefit 50% for PEMHCA benefit if covered is active 50% for PEMHCA benefit if waived is 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, 2022:

	Governmental Activities	Business-type Activities	Total
Capital assets, net of accumulated depreciation and amortization	\$ 334,963,510	\$ 72,245,474	\$ 407,208,984
Less: outstanding principal on capital related debt, net	(130,404,431)	(24,375,000)	(154,779,431)
Add: loss on refunding of debt	-	103,051	103,051
Net investment in capital assets	<u>\$ 204,559,079</u>	<u>\$ 47,973,525</u>	<u>\$ 252,532,604</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, 2022

Note 19 – Net Position and Fund Balances (Continued)

B. Fund Financial Statements (Continued)

At June 30, 2022, 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	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Loans and notes receivable	\$ -	\$ -	\$ 66,568	\$ 16,571	\$ 83,139
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	-	66,568	1,396,571	4,248,139
Restricted					
Public safety	-	-	-	1,628,387	1,628,387
Future development	-	-	-	16,896,096	16,896,096
Maintenance districts	-	-	-	8,897,158	8,897,158
Street repairs	-	-	-	23,711,730	23,711,730
Grants/special projects	-	-	-	1,974,244	1,974,244
Low/moderate income housing	-	-	-	3,145,651	3,145,651
115 trust reserve	6,000,000	-	-	-	6,000,000
Capital projects	-	-	-	12,536,414	12,536,414
Debt service	-	-	-	4,211,073	4,211,073
Total restricted	6,000,000	-	-	73,000,753	79,000,753
Committed					
Capital projects	5,319,323	-	-	2,141,985	7,461,308
Economic contingency reserve	16,685,000	-	-	-	16,685,000
Infrastructure maintenance reserve	3,684,000	-	-	-	3,684,000
OPEB reserve	1,000,000	-	-	-	1,000,000
Facilities maintenance reserve	1,577,000	-	-	-	1,577,000
Community Center reserve	8,100,000	-	-	-	8,100,000
Total committed	36,365,323	-	-	2,141,985	38,507,308
Assigned					
Carryover appropriations	15,266,804	-	-	-	15,266,804
Total assigned	15,266,804	-	-	-	15,266,804
Unassigned (deficit)	9,567,543	-	(2,838,755)	(424,366)	6,304,422
Total fund balances	\$ 69,984,670	\$ -	\$ (2,772,187)	\$ 76,114,943	\$ 143,327,426

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 19 – Net Position and Fund Balances (Continued)

B. Encumbrances (Continued)

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, 2022, total governmental fund encumbrance balances for the City are as follows:

General Fund	\$	3,458,878
Nonmajor governmental funds		41,594,635
		45,053,513
Total encumbrances	\$	45,053,513

Note 20 – Other Required Disclosures

A. Expenditures Exceeding Appropriations

For the year ended June 30, 2022, 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	Public safety	\$ 432,075
General Fund	Interest and fiscal charges	20,285
Emergency Medical Service Special Revenue Fund	General Government	223,939
Emergency Medical Service Special Revenue Fund	Public safety	73,463
2020A Refunding SVSWA Debt Service Fund	DS: Principal	400,000

B. Net Position Deficit and Restrictions

The government-wide statement of net position reports an unrestricted deficit of \$(111,270,940) and \$76,573,216 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.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 21 – Joint Venture – Salinas Valley Solid Waste Authority (Continued)

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.

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, 2022.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 23 – Prior Period Adjustments

Net position at July 1, 2021 for the Governmental Activities, Business-type Activities, and Fiduciary Activities was restated as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Activities
Net position, as previously reported, at July 1, 2021	\$ 116,252,267	\$ 84,870,502	\$ 19,484,100
Move enterprise funds to General Fund	24,996,820	(24,996,820)	-
Remove land disposed in previous year	-	-	(149,270)
Remove land and properties held for resale disposed in previous year	(500,431)	-	-
Net position at July 1, 2021, as restated	<u>\$ 140,748,656</u>	<u>\$ 59,873,682</u>	<u>\$ 19,334,830</u>

Fund balance/net position at July 1, 2021 was restated at the fund level as follows:

	General Fund	Recreation Parks Special Revenue Fund	Municipal Art Special Revenue Fund	Affordable Housing Special Revenue Fund
Fund balance/net position, as previously reported, at July 1, 2021	\$ 64,495,539	\$ 71,498	\$ 10,911	\$ 4,737,817
Group special revenue funds into General Fund	82,409	(71,498)	(10,911)	-
Move beginning net position of enterprise funds into General Fund	24,996,820	-	-	-
Remove land disposed in previous year	-	-	-	-
Remove land and properties held for resale disposed in previous year	-	-	-	(500,431)
Remove beginning balances transferred from enterprise funds:				
Non-depreciable capital assets	(1,667,376)	-	-	-
Depreciable capital assets	(33,167,128)	-	-	-
Interest payable	31,579	-	-	-
Long-term debt	6,771,886	-	-	-
Compensated absences	226,345	-	-	-
Net pension liability	594,968	-	-	-
Pension-related deferred outflows of resources	(147,809)	-	-	-
Pension-related deferred inflows of resources	4,982	-	-	-
Net OPEB liability	296,850	-	-	-
OPEB-related deferred outflows of resources	(75,613)	-	-	-
OPEB-related deferred inflows of resources	55,826	-	-	-
Fund balance/net position at July 1, 2021, as restated	<u>\$ 62,499,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,237,386</u>

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 23 – Prior Period Adjustments (Continued)

	Municipal Golf Courses Enterprise Fund	Storm Sewer Enterprise Fund	Landfill Garbage Surcharge Enterprise Fund	Water Utility Enterprise Fund	Redevelopment Obligation Retirement Fund Fiduciary Fund
Fund balance/net position, as previously reported, at July 1, 2021	\$ (9,566,038)	\$ 34,219,186	\$ 283,158	\$ 60,514	\$ 97,672
Group special revenue funds into General Fund	-	-	-	-	-
Move beginning net position of enterprise funds into General Fund	9,566,038	(34,219,186)	(283,158)	(60,514)	-
Remove land disposed in previous year	-	-	-	-	(149,270)
Remove land and properties held for resale disposed in previous year	-	-	-	-	-
Remove beginning balances transferred from enterprise funds:					
Non-depreciable capital assets	-	-	-	-	-
Depreciable capital assets	-	-	-	-	-
Interest payable	-	-	-	-	-
Long-term debt	-	-	-	-	-
Compensated absences	-	-	-	-	-
Net pension liability	-	-	-	-	-
Pension-related deferred outflows of resources	-	-	-	-	-
Pension-related deferred inflows of resources	-	-	-	-	-
Net OPEB liability	-	-	-	-	-
OPEB-related deferred outflows of resources	-	-	-	-	-
OPEB-related deferred inflows of resources	-	-	-	-	-
Fund balance/net position at July 1, 2021, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,598)</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Salinas
Budgetary Information
For the Year Ended June 30, 2022

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, 2022

BUDGETARY INFORMATION

The adopted FY 2022 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 2022 Annual Operating Budgets on June 8, 2021. 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 fund balance increased \$2,059,849 to \$28,802,620, of which \$2,785,000 is Nonspendable, \$20,960,197 is Committed, \$7,321,952 is Assigned and \$(8,264,529) is Unassigned.

General Fund reserves have been set-aside by Council for specific purposes. Under the Reserved fund balance category, the General Fund Non-spendable fund balance of \$2,785,000 includes Advances (\$2,785,000). Committed funds balance of \$36,365,323 are committed for capital projects, reserves, and future encumbrances. Carryover Appropriations of \$15,266,804 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 \$4,773,803 to \$14,374,790, of which \$9,205,721 is committed for future encumbrances, \$863,153 is assigned and \$4,305,916 is unassigned.

City of Salinas
Budgetary Information (Continued)
For the Year Ended June 30, 2022

MEASURE G

Measure G is a general tax (discretionary) and is reported as part of the General Fund. The Measure G fund balance increased \$651,740 to \$26,807,260, of which \$6,199,405 is Committed for future encumbrances, \$7,081,699 is Assigned and \$13,526,156 is Unassigned.

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 129,554,000	\$ 129,554,000	\$ 145,835,874	\$ 16,281,874
Licenses and permits	10,257,650	10,257,650	11,477,723	1,220,073
Intergovernmental	421,200	421,200	1,301,666	880,466
Charges for services	4,823,075	4,823,075	5,233,403	410,328
Investment income (loss)	673,200	673,200	(1,406,103)	(2,079,303)
Rental income	509,000	509,000	325,113	(183,887)
Fines and forfeitures	340,000	340,000	426,149	86,149
Miscellaneous	979,000	979,000	1,014,576	35,576
Total revenues	147,557,125	147,557,125	164,208,401	16,651,276
EXPENDITURES:				
Current:				
General government	20,570,978	20,912,328	17,192,429	3,719,899
Public safety	81,521,389	82,024,012	82,456,087	(432,075)
Public works	15,889,605	16,806,666	12,877,048	3,929,618
Recreation	7,045,882	7,086,533	5,578,195	1,508,338
Library	5,624,242	5,624,241	4,401,235	1,223,006
Capital outlay	65,000	395,955	442,723	(259,486)
Debt Service:				
Principal	555,900	555,900	655,441	555,900
Interest and fiscal charges	197,000	197,000	217,285	(20,285)
Total expenditures	131,469,996	133,602,635	123,820,443	10,224,915
REVENUES OVER (UNDER) EXPENDITURES	16,087,129	13,954,490	40,387,958	6,426,361
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	1,000	1,000	1	(999)
Transfers in	7,184,200	7,315,200	1,979,099	(5,336,101)
Transfers out	(29,508,725)	(49,454,854)	(34,881,666)	(14,573,188)
Total other financing sources (uses)	(22,323,525)	(42,138,654)	(32,902,566)	(19,910,288)
Net change in fund balance	\$ (6,236,396)	\$ (28,184,164)	7,485,392	\$ 35,669,556
FUND BALANCE:				
Beginning of year			62,499,278	
End of year			<u>69,984,670</u>	

City of Salinas
Budgetary Comparison Schedules – ARPA Fund
Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 691,383	\$ 691,383
Total revenues	<u>-</u>	<u>-</u>	<u>691,383</u>	<u>691,383</u>
EXPENDITURES:				
Current:				
General government	-	12,600,000	415,764	12,184,236
Public safety	-	390,000	2,986	387,014
Public works	-	10,745,000	224,521	10,520,479
Recreation	-	1,100,000	-	1,100,000
Capital outlay	-	26,732,313	48,112	26,732,313
Total expenditures	<u>-</u>	<u>51,567,313</u>	<u>691,383</u>	<u>50,924,042</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (51,567,313)</u>	<u>-</u>	<u>\$ 51,567,313</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ -</u>	

City of Salinas
Budgetary Comparison Schedules – HUD Fund
Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 10,104,632	\$ 23,457,781	\$ 7,313,240	\$ (16,144,541)
Interest	-	-	(4,637)	(4,637)
Miscellaneous	539,099	539,099	585,715	46,616
Total revenues	<u>10,643,731</u>	<u>23,996,880</u>	<u>7,894,318</u>	<u>(16,102,562)</u>
EXPENDITURES:				
Current:				
General government	5,051,982	17,269,623	9,757,121	7,512,502
Capital outlay	1,231,244	329,156	38,097	329,156
Total expenditures	<u>6,283,226</u>	<u>17,598,779</u>	<u>9,795,218</u>	<u>7,841,658</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,360,505</u>	<u>6,398,101</u>	<u>(1,900,900)</u>	<u>(23,944,220)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,424	4,424
Transfers out	-	(74,964)	-	(74,964)
Total other financing sources (uses)	<u>-</u>	<u>(74,964)</u>	<u>4,424</u>	<u>(70,540)</u>
Net change in fund balance	<u>\$ 4,360,505</u>	<u>\$ 6,323,137</u>	<u>(1,896,476)</u>	<u>\$ (8,219,613)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(875,711)</u>	
End of year			<u>\$ (2,772,187)</u>	

City of Salinas
Required Supplemental Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios –
Miscellaneous Plan

		City Miscellaneous Plans							
		2022	2021	2020	2019	2018	2017	2016	2015
Measurement Period, Year Ended June 30:		2021	2020	2019	2018	2017	2016	2015	2014 ¹
Total Pension Liability									
Service Cost	\$	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		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		-	-	-	-	-	-	-	-
Differences between expected and actual experience		727,132	588,822	2,005,995	1,457,261	489,759	(996,921)	(1,789,044)	-
Changes in assumptions		-	-	-	(752,607)	6,388,079	-	(1,686,636)	-
Benefit payments, including refunds of employee contributions		(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		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		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)	\$	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	\$	4,273,977	7,793,322	3,511,716	3,133,948	3,232,477	2,635,818	2,037,528	2,010,590
Contributions - employee		1,464,611	1,411,627	1,501,635	1,403,836	1,331,850	1,339,737	987,786	959,420
Net investment income		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		(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		(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		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		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)	\$	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)	\$	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		87.75%	75.61%	73.01%	73.44%	72.23%	73.20%	75.79%	75.96%
Covered payroll	\$	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		83.15%	155.21%	164.39%	154.41%	162.45%	166.78%	141.08%	133.70%

¹Information only presented from the implementation year

City of Salinas
Required Supplemental Information (Unaudited)
Schedule of Pension Plan Contributions
Miscellaneous Plan

		City Miscellaneous Plans						
Fiscal Year Ended June 30:	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 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	(4,193,288)	(4,273,977)	(7,788,891)	(3,511,716)	(3,133,731)	(3,231,650)	(2,635,818)	(2,037,528)
Contribution deficiency (excess)	\$ -	\$ -	\$ (3,931,798)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 21,509,329	\$ 20,882,844	\$ 20,508,948	\$ 21,485,315	\$ 20,577,688	\$ 19,120,162	\$ 16,519,247	\$ 13,444,769
Contributions as a percentage of covered payroll	19.50%	20.47%	37.98%	16.34%	15.23%	16.90%	15.96%	15.15%

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 2022 were derived from the June 30, 2020 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Market value of assets
Inflation	2.500%
Salary increases	Varies based on entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. 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 Net Pension Liability and Related Ratios –
City Police Plans

		City Police Plans							
		2022	2021	2020	2019	2018	2017	2016	2015
Measurement Period, Year Ended June 30:		2021	2020	2019	2018	2017	2016	2015	2014 ¹
Total Pension Liability									
Service Cost	\$	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		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		-	-	-	-	-	-	-	-
Differences between expected and actual experience		(2,364,429)	1,696,481	6,664,829	6,096,574	(2,807)	(4,299,665)	(5,739,808)	-
Changes in assumptions		-	-	-	(1,307,343)	16,117,523	-	(4,436,648)	-
Benefit payments, including refunds of employee contributions		(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		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		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)	\$	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	\$	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		2,305,151	1,946,146	1,993,713	1,816,971	1,625,541	1,512,655	1,350,215	1,375,826
Net investment income		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		(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		(206,540)	(283,165)	(136,963)	(282,146)	(245,410)	(103,251)	(190,690)	-
Other miscellaneous income/expense		-	-	444	(535,801)	-	-	-	-
Net change in plan fiduciary net position		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 - beginning		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)	\$	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)	\$	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		74.90%	63.58%	64.59%	65.67%	65.65%	66.85%	69.88%	70.38%
Covered payroll	\$	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		422.53%	598.83%	578.09%	558.31%	584.39%	524.51%	471.29%	432.29%

¹Information only presented from the implementation year

City of Salinas
Required Supplemental Information (Unaudited)
Schedule of Pension Plan Contributions
City Police Plans

City Police Plans									
Fiscal Year Ended June 30:	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 12,406,841	\$ 11,629,887	\$ 10,297,024	\$ 9,481,034	\$ 8,260,675	\$ 7,799,085	\$ 6,462,584	\$ 5,540,793	\$ 5,285,903
Contributions in relation to the actuarially determined contribution	(12,406,841)	(11,629,887)	(10,296,552)	(9,481,034)	(8,260,675)	(7,799,085)	(6,462,584)	(5,540,793)	(5,285,903)
Contribution deficiency (excess)	\$ -	\$ -	\$ 472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 20,514,369	\$ 19,916,863	\$ 19,776,528	\$ 19,051,278	\$ 17,967,376	\$ 16,214,420	\$ 15,715,033	\$ 15,494,316	\$ 16,589,818
Contributions as a percentage of covered payroll	60.48%	58.39%	52.06%	49.77%	45.98%	48.10%	41.12%	35.76%	31.86%

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 2022 were derived from the June 30, 2020 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Market value of assets
Inflation	2.500%
Salary increases	Varies based on entry age and service
Payroll growth	2.875%
Investment rate of return	7.00% net of pension plan investment and administrative expenses
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2015. 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 Net Pension Liability and Related Ratios –
City Fire Plans

	City Fire Plans							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Period, Year Ended June 30:	2021	2020	2019	2018	2017	2016	2015	2014 ¹
Proportion of the net pension liability	0.61287%	0.48376%	0.46772%	0.46967%	0.58010%	0.60039%	0.64362%	0.64195%
Proportionate share of the net pension liability	\$ 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	\$ 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	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	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

¹Information only presented from the implementation year

City of Salinas
Required Supplemental Information (Unaudited)
Schedule of Pension Plan Contributions
City Fire Plans

		City Fire Plans						
Fiscal Year Ended June 30:	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 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	(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	\$ 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	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 2021 were derived from the June 30, 2018 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	Varies based on entry age and service
Payroll growth	2.875%
Investment rate of return	7.000% net of pension plan investment and administrative expenses
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. 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 Net Pension Liability and Related Ratios
Single Employer Plan

		Single-Employer Plan						
		2022	2021	2020	2019	2018	2017	2016
Measurement Period, Year Ended June 30:		2021	2020	2019	2018	2017	2016	2015 ¹
Total Pension Liability								
Service Cost	\$	345,756	\$ 325,385	\$ 232,193	\$ 302,184	\$ 279,000	\$ 336,000	\$ 436,000
Interest on total pension liability		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		1,595,858	-	889,365	-	2,172,000	-	-
Changes in assumptions		(37,244)	907,299	217,496	-	(106,000)	-	-
Benefit payments, including refunds of employee contributions		(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		(467,776)	(7,384,269)	718,123	781,745	(626,000)	1,435,000	(2,027,000)
Total pension liability - beginning		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)	\$	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	\$	5,695,926	\$ 8,030,028	\$ 2,919,589	\$ 1,927,686	\$ 1,654,000	\$ 1,483,000	\$ 1,340,000
Contributions - employee		34,635	52,751	71,806	70,043	69,000	82,000	77,000
Net investment income		894,536	338,833	503,893	60,254	(506,000)	84,000	(85,000)
Benefit payments, including refunds of employee contributions		(2,656,129)	(9,123,048)	(1,305,661)	(199,769)	(3,508,000)	(87,000)	(3,139,000)
Administrative expense		(18,061)	(18,582)	(19,188)	(54,195)	(75,000)	(83,000)	(100,000)
Net change in plan fiduciary net position		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		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)	\$	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)	\$	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		73.48%	42.57%	31.18%	21.71%	13.45%	24.63%	18.70%
Covered payroll	\$	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		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

Single-Employer Plan

Fiscal Year Ended June 30:	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 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	(208,396)	(10,212,240)	(5,573,828)	(2,135,107)	(1,614,000)	(1,571,000)	(1,107,000)
Contribution deficiency (excess)	\$ 2,754,604	\$ (5,960,240)	\$ (1,459,828)	\$ (135,107)	\$ 318,000	\$ 12,000	\$ 413,000
Covered payroll	\$ 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	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 2022 were derived from the September 1, 2020 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	3.40%
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

	2022	2021	2020	2019	2018
For the Measurement Period:	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017 ¹
Total OPEB Liability:					
Service Cost	\$ 1,639,274	\$ 1,169,996	\$ 1,065,470	\$ 1,085,475	\$ 1,209,000
Interest on the total OPEB liability	884,846	974,493	1,143,094	1,064,391	951,000
Changes in benefit terms	-	-	574,467	-	-
Difference between expected and actual experience	(4,117,866)	-	(4,138,016)	-	-
Changes in assumptions	(4,258,871)	4,678,007	1,474,189	(609,871)	(1,765,000)
Benefit payments	(704,749)	(676,514)	(945,329)	(915,000)	(861,000)
Net changes in Total OPEB Liability	(6,557,366)	6,145,982	(826,125)	624,995	(466,000)
Beginning of Year	27,819,852	21,673,870	22,499,995	21,875,000	22,341,000
End of Year	\$ 21,262,486	\$ 27,819,852	\$ 21,673,870	\$ 22,499,995	\$ 21,875,000
Plan Fiduciary Net Position:					
Employer contribution	\$ 959,007	\$ 931,063	\$ 1,195,329	\$ 1,165,000	\$ 1,111,000
Employee contributions	-	-	-	-	-
Net investment income	897,217	102,633	152,998	159,215	171,000
Benefit payments	(704,749)	(676,514)	(945,329)	(915,000)	(861,000)
Administrative expenses	(5,500)	(5,988)	(541)	(3,619)	(1,000)
Net changes in Fiduciary Net Position	1,145,975	351,194	402,457	405,596	420,000
Beginning of Year	3,058,247	2,707,053	2,304,596	1,899,000	1,479,000
End of Year	\$ 4,204,222	\$ 3,058,247	\$ 2,707,053	\$ 2,304,596	\$ 1,899,000
Net OPEB Liability	\$ 17,058,264	\$ 24,761,605	\$ 18,966,817	\$ 20,195,399	\$ 19,976,000
Fiduciary Net Position as a % of Total OPEB Liability	19.77%	10.99%	12.49%	10.24%	8.68%
Covered Payroll	\$ 64,469,561	\$ 64,146,096	\$ 64,026,542	\$ 62,965,263	\$ 48,821,000
Net OPEB Liability as a % of Payroll	26.46%	38.60%	29.62%	32.07%	40.92%

Notes to Schedule:

Change of assumptions: For the measure period ended June 30, 2020, the ACA excise tax was removed. Tax was repealed in December 2019.

¹ Information only presented from the implementation year

City of Salinas
Required Supplemental Information (Unaudited)
Schedule of OPEB Contributions

Schedule of OPEB Contributions

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Actuarially determined contribution	\$ 1,687,000	\$ 1,997,000	\$ 1,938,000	\$ 2,322,000	\$ 2,188,000
Contributions in relation to the actuarially determined contributions	(940,051)	(959,007)	(931,063)	(1,195,329)	(1,165,000)
Contribution deficiency (excess)	<u>\$ 746,949</u>	<u>\$ 1,037,993</u>	<u>\$ 1,006,937</u>	<u>\$ 1,126,671</u>	<u>\$ 1,023,000</u>
Covered payroll	\$ 67,797,683	\$ 64,469,561	\$ 64,146,096	\$ 64,026,452	\$ 51,530,000
Contributions as a percentage of covered payroll	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	6/30/2021
Actuarial valuation date	6/30/2021
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 - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% 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, 2022

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 54,943,750	\$ 3,529,170	\$ 16,082,264	\$ 74,555,184
Receivables, net:				
Interest	843,468	5,243	153,161	1,001,872
Due from outside agencies	3,925,486	-	3,768,381	7,693,867
Assessments	-	8,290,000	-	8,290,000
Leases	270,234	-	3,771,199	4,041,433
Due from other funds	-	-	1,364,533	1,364,533
Restricted cash and investments	-	686,637	-	686,637
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	\$ 61,379,509	\$ 12,511,050	\$ 25,139,538	\$ 99,030,097
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 435,473	\$ 9,977	\$ 2,101,296	\$ 2,546,746
Due to other funds	2,125,568	2,178	1,235,128	3,362,874
Unearned revenues	184,161	8,290,000	-	8,474,161
Total liabilities	2,745,202	8,302,155	3,336,424	14,383,781
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,142,179	-	3,344,925	4,487,104
Related to leases	264,479	-	3,779,790	4,044,269
Total deferred inflows of resources	1,406,658	-	7,124,715	8,531,373
Fund Balances:				
Nonspendable	1,380,000	-	-	1,380,000
Restricted	56,253,266	4,211,073	12,536,414	73,000,753
Committed	-	-	2,141,985	2,141,985
Assigned	-	-	-	-
Unassigned	(405,617)	(2,178)	-	(407,795)
Total fund balances	57,227,649	4,208,895	14,678,399	76,114,943
Total liabilities, deferred inflows of resources, and fund balances	\$ 61,379,509	\$ 12,511,050	\$ 25,139,538	\$ 99,030,097

City of Salinas
Combing Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Non-major Capital Projects Funds	Total Non-Major Governmental Funds
REVENUES:				
Taxes	\$ 535,460	\$ -	\$ -	\$ 535,460
Taxes - special assessments	-	749,723	-	749,723
Licenses and permits	178,135	-	-	178,135
Intergovernmental	25,506,143	-	8,691,485	34,197,628
Charges for services	2,078,142	-	468,444	2,546,586
Investment income (loss)	(1,194,053)	254,778	128,732	(810,543)
Rental income	280,494	-	(8,591)	271,903
Fines and forfeitures	310,441	-	-	310,441
Miscellaneous	2,906,595	-	698,677	3,605,272
Total revenues	30,601,357	1,004,501	9,978,747	41,584,605
EXPENDITURES:				
Current:				
General government	11,923,311	15,200	1,736,777	13,675,288
Public safety	2,728,039	-	1,070,249	3,798,288
Public works	1,146,430	-	7,158,980	8,305,410
Recreation	468,673	-	156,511	625,184
Library	358,281	-	-	358,281
Capital outlay	377,426	-	17,132,545	17,509,971
Debt service:				
Principal	-	13,596,000	916,279	14,512,279
Interest and fiscal charges	-	5,144,651	112,870	5,257,521
Total expenditures	17,002,160	18,755,851	28,284,211	64,042,222
REVENUES OVER (UNDER) EXPENDITURES	13,599,197	(17,751,350)	(18,305,464)	(22,457,617)
OTHER FINANCING SOURCES (USES):				
Transfers in	900,002	17,245,901	15,884,060	34,029,963
Transfers out	(9,546,707)	(123,011)	-	(9,669,718)
Total other financing sources (uses)	(8,646,705)	17,122,890	15,884,060	24,360,245
NET CHANGE IN FUND BALANCES	4,952,492	(628,460)	(2,421,404)	1,902,628
FUND BALANCES:				
Beginning of year, as restated (Note 23)	52,275,157	4,837,355	17,099,803	74,212,315
End of year	<u>\$ 57,227,649</u>	<u>\$ 4,208,895</u>	<u>\$ 14,678,399</u>	<u>\$ 76,114,943</u>

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 Fund - 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 Fund - 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 Fund - 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 Fund - These funds are used to improve and increase the supply of low income housing within the City.

Grants Fund - This fund accounts for various minor grants received for purposes ranging from library to police operations.

Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) - This fund accounts for monies awarded through the state’s Coronavirus Relief Funds (CRF) and funded entirely through the federal stimulus funding under the CARES Act provided by the U.S. Department of Treasury (US Treasury) to the Governor via the Office of Financial Management (OFM). The City of Salinas allocation was determined by the OFM. The Coronavirus Relief Funds may only be used for costs incurred by local governments in response to the COVID-19 public health emergency during the period of March 1, 2020, thru October 31, 2020.

City of Salinas
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	Lighting, Landscape, and Maintenance District	Local Public Safety	Development Fees	Gas Tax	Emergency Medical Services
ASSETS					
Cash and investments	\$ 8,971,473	\$ 1,112,819	\$ 17,280,729	\$ 3,089,090	\$ -
Receivables, net:					
Interest	15,290	1,092	29,197	5,468	-
Due from outside agencies	-	117,688	-	637,442	-
Leases	-	-	-	96,989	-
Loans and notes receivable, net of allowance	-	-	-	-	-
Land and properties held for resale	-	-	-	-	-
Total assets	\$ 8,986,763	\$ 1,231,599	\$ 17,309,926	\$ 3,828,989	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 38,417	\$ 110,021	\$ -	\$ -	\$ 62,325
Due to other funds	51,188	-	413,830	81,232	316,157
Unearned revenues	-	-	-	-	-
Total liabilities	89,605	110,021	413,830	81,232	378,482
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Related to leases	-	-	-	95,453	-
Total deferred inflows of resources	-	-	-	95,453	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	8,897,158	1,121,578	16,896,096	3,652,304	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(378,482)
Total fund balances	8,897,158	1,121,578	16,896,096	3,652,304	(378,482)
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,986,763	\$ 1,231,599	\$ 17,309,926	\$ 3,828,989	\$ -

City of Salinas
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2022

	Asset Seizure	Traffic Safety	Vehicle Abatement	Cable	Contributions & Donations
ASSETS					
Cash and investments	\$ 151,583	\$ -	\$ 325,258	\$ 520,768	\$ 494,365
Receivables, net:					
Interest	546	-	-	-	-
Due from outside agencies	-	54,756	78,356	43,942	-
Leases	-	-	-	-	-
Loans and notes receivable, net of allowance	-	-	-	-	-
Land and properties held for resale	-	-	-	-	-
Total assets	\$ 152,129	\$ 54,756	\$ 403,614	\$ 564,710	\$ 494,365
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 351	\$ -	\$ 8,462	\$ 36,670	\$ -
Due to other funds	-	81,891	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	351	81,891	8,462	36,670	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	40,121	-	-
Related to leases	-	-	-	-	-
Total deferred inflows of resources	-	-	40,121	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	151,778	-	355,031	528,040	494,365
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(27,135)	-	-	-
Total fund balances	151,778	(27,135)	355,031	528,040	494,365
Total liabilities, deferred inflows of resources, and fund balances	\$ 152,129	\$ 54,756	\$ 403,614	\$ 564,710	\$ 494,365

(continued)

City of Salinas
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2022

	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	\$ 283,330	\$ 9,894,999	\$ 6,323,959	\$ 559,475	\$ 1,603,300
Receivables, net:					
Interest	-	15,764	10,412	947	2,694
Due from outside agencies	-	1,548,757	562,987	-	-
Leases	-	-	-	-	-
Loans and notes receivable, net of allowance	-	-	-	-	-
Land and properties held for resale	-	-	-	-	584,419
Total assets	\$ 283,330	\$ 11,459,520	\$ 6,897,358	\$ 560,422	\$ 2,190,413
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,956	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	272,811	191,057	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	1,956	272,811	191,057	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Related to leases	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	584,419
Restricted	281,374	11,186,709	6,706,301	560,422	1,605,994
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	281,374	11,186,709	6,706,301	560,422	2,190,413
Total liabilities, deferred inflows of resources, and fund balances	\$ 283,330	\$ 11,459,520	\$ 6,897,358	\$ 560,422	\$ 2,190,413

(Continued)

City of Salinas
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2022

	Affordable Housing	Grants	CARES Act	Total
ASSETS				
Cash and investments	\$ 3,124,600	\$ 1,208,002	\$ -	\$ 54,943,750
Receivables, net:				
Interest	761,501	557	-	843,468
Due from outside agencies	-	881,558	-	3,925,486
Leases	-	173,245	-	270,234
Loans and notes receivable, net of allowance	16,571	-	-	16,571
Land and properties held for resale	795,581	-	-	1,380,000
Total assets	\$ 4,698,253	\$ 2,263,362	\$ -	\$ 61,379,509
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 763	\$ 176,508	\$ -	435,473
Due to other funds	-	717,402	-	2,125,568
Unearned revenues	-	184,161	-	184,161
Total liabilities	763	1,078,071	-	2,745,202
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	756,258	345,800	-	1,142,179
Related to leases	-	169,026	-	264,479
Total deferred inflows of resources	756,258	514,826	-	1,406,658
Fund Balances:				
Nonspendable	795,581	-	-	1,380,000
Restricted	3,145,651	670,465	-	56,253,266
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(405,617)
Total fund balances	3,941,232	670,465	-	57,227,649
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,698,253	\$ 2,263,362	\$ -	\$ 61,379,509

(Concluded)

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	Lighting, Landscape, and Maintenance District	Local Public Safety	Development Fees	Gas Tax	Emergency Medical Services
REVENUES:					
Taxes	\$ -	\$ 535,460	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	451,330	-	3,588,055	137,952
Charges for services	-	-	2,078,142	-	-
Investment income (loss)	(103,643)	(5,640)	(198,686)	(31,073)	-
Rental income	-	-	-	229,075	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	1,966,689	-	-	-	-
Total revenues	1,863,046	981,150	1,879,456	3,786,057	137,952
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	600,000	-	-	1,306,044
Public works	1,140,798	-	-	-	-
Recreation	-	-	-	-	-
Library	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,140,798	600,000	-	-	1,306,044
REVENUES OVER (UNDER) EXPENDITURES	722,248	381,150	1,879,456	3,786,057	(1,168,092)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	850,000
Transfers out	(4,110)	-	(1,603,186)	(2,352,775)	(120,792)
Total other financing sources (uses)	(4,110)	-	(1,603,186)	(2,352,775)	729,208
NET CHANGE IN FUND BALANCES	718,138	381,150	276,270	1,433,282	(438,884)
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (Note 23)	8,179,020	740,428	16,619,826	2,219,022	60,402
End of year	<u>\$ 8,897,158</u>	<u>\$ 1,121,578</u>	<u>\$ 16,896,096</u>	<u>\$ 3,652,304</u>	<u>\$ (378,482)</u>

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	Asset Seizure	Traffic Safety	Vehicle Abatement	Cable	Contributions & Donations
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	178,135	-
Intergovernmental	104,718	-	138,992	-	-
Charges for services	-	-	-	-	-
Investment income (loss)	(3,694)	-	-	-	-
Rental income	-	-	-	-	-
Fines and forfeitures	-	305,695	4,746	-	-
Miscellaneous	-	-	-	-	383,658
Total revenues	101,024	305,695	143,738	178,135	383,658
EXPENDITURES:					
Current:					
General government	-	123,887	-	130,420	-
Public safety	2,253	-	219,287	-	75,520
Public works	-	-	-	-	-
Recreation	-	-	-	-	60
Library	-	-	-	-	-
Capital outlay	71,175	-	-	(2)	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	73,428	123,887	219,287	130,418	75,580
REVENUES OVER (UNDER) EXPENDITURES	27,596	181,808	(75,549)	47,717	308,078
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	50,000	-	-
Transfers out	-	(250,000)	-	-	-
Total other financing sources (uses)	-	(250,000)	50,000	-	-
NET CHANGE IN FUND BALANCES	27,596	(68,192)	(25,549)	47,717	308,078
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (Note 23)	124,182	41,057	380,580	480,323	186,287
End of year	<u>\$ 151,778</u>	<u>\$ (27,135)</u>	<u>\$ 355,031</u>	<u>\$ 528,040</u>	<u>\$ 494,365</u>

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	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	-	5,801,801	3,235,152	-	-
Charges for services	-	-	-	-	-
Investment income (loss)	(1,402)	(103,081)	(64,622)	(6,444)	(284,042)
Rental income	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	20,472	-	-	-	-
Total revenues	19,070	5,698,720	3,170,530	(6,444)	(284,042)
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Recreation	11,015	-	-	-	-
Library	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	11,015	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	8,055	5,698,720	3,170,530	(6,444)	(284,042)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(3,648,087)	(1,556,858)	-	-
Total other financing sources (uses)	-	(3,648,087)	(1,556,858)	-	-
NET CHANGE IN FUND BALANCES	8,055	2,050,633	1,613,672	(6,444)	(284,042)
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (Note 23)	273,319	9,136,076	5,092,629	566,866	2,474,455
End of year	<u>\$ 281,374</u>	<u>\$ 11,186,709</u>	<u>\$ 6,706,301</u>	<u>\$ 560,422</u>	<u>\$ 2,190,413</u>

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	Affordable Housing	Grants	CARES Act	Total
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 535,460
Licenses and permits	-	-	-	178,135
Intergovernmental	-	12,048,143	-	25,506,143
Charges for services	-	-	-	2,078,142
Investment income (loss)	(397,179)	5,453	-	(1,194,053)
Rental income	-	51,419	-	280,494
Fines and forfeitures	-	-	-	310,441
Miscellaneous	121,813	413,963	-	2,906,595
Total revenues	<u>(275,366)</u>	<u>12,518,978</u>	<u>-</u>	<u>30,601,357</u>
EXPENDITURES:				
Current:				
General government	13,988	11,655,016	-	11,923,311
Public safety	-	524,935	-	2,728,039
Public works	-	5,632	-	1,146,430
Recreation	-	457,598	-	468,673
Library	-	358,281	-	358,281
Capital outlay	-	306,253	-	377,426
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>13,988</u>	<u>13,307,715</u>	<u>-</u>	<u>17,002,160</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(289,354)</u>	<u>(788,737)</u>	<u>-</u>	<u>13,599,197</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2	-	900,002
Transfers out	(6,800)	(4,099)	-	(9,546,707)
Total other financing sources (uses)	<u>(6,800)</u>	<u>(4,097)</u>	<u>-</u>	<u>(8,646,705)</u>
NET CHANGE IN FUND BALANCES	(296,154)	(792,834)	-	4,952,492
FUND BALANCES (DEFICIT):				
Beginning of year, as restated (Note 23)	4,237,386	1,463,299	-	52,275,157
End of year	<u>\$ 3,941,232</u>	<u>\$ 670,465</u>	<u>\$ -</u>	<u>\$ 57,227,649</u>

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 Fund - 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).

Energy Improvement Lease Fund - This fund is used to account for lease payments on debt incurred in fiscal year 2014-15 that funds the City's ongoing efforts to reduce energy consumption and to develop long-term cost savings through increased energy efficiency. The project will install LED lighting on street lights 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 Funding came through a private placement in the amount of \$21,908,000. The Debt Service repayment will be over a 17 year period at an interest rate of 3.03%.

Certificates of Participation (2005 A & B) 2015 Refunding Fund - This fund is used to accumulate funds for the payment of principal and interest on the 2005B Certificates of Participation. Proceeds were used to refund the Certificates of Participation 1997. The proceeds from the Certificates of Participation 1997 were used for capital improvements and to refund the Salinas Public Financing Authority's Variable Rate Lease Revenue Bonds that were used to purchase the 65 W. Alisal building. Debt service is financed from installment payments from the Salinas Valley Solid Waste Authority (SVSWA) for the purchase of Crazy Horse Landfill and a lease on the 65 W. Alisal Building.

Nonmajor Governmental Funds (Continued)

Debt Service Funds (Continued)

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 Fund - 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 Fund - This fund accounts for the reserves on outstanding assessment districts bonds.

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
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2022

	Assessment District Debt Service	COP 1999 & 2004 Consolidation (2014)	2018 Lease-PS Building Police	COP 2018B T.R.I.P. Total Road Improvement	Energy Improvement Lease
ASSETS					
Cash and investments	\$ 72,684	\$ 165,473	\$ 3,661	\$ 1,170,896	\$ -
Receivables, net:					
Interest	-	291	-	1,930	-
Assessments	970,000	-	-	-	-
Restricted cash and investments	124,466	-	-	-	-
Total assets	\$ 1,167,150	\$ 165,764	\$ 3,661	\$ 1,172,826	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,000	\$ -	\$ 2,270	\$ 250	\$ -
Due to other funds	-	-	-	-	-
Unearned revenues	970,000	-	-	-	-
Total liabilities	971,000	-	2,270	250	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	196,150	165,764	1,391	1,172,576	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	196,150	165,764	1,391	1,172,576	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,167,150	\$ 165,764	\$ 3,661	\$ 1,172,826	\$ -

(Continued)

City of Salinas
Combining Balance Sheet (Continued)
Nonmajor Debt Service Funds
June 30, 2022

	COP 2005 A&B 2015 Refunding	2018 Lease El Gabilan Library	2020A Refunding Energy	2020A Refunding SVSWA	Assessment District Administration
ASSETS					
Cash and investments	\$ -	\$ 2,030	\$ 70	\$ 23,763	\$ -
Receivables, net:					
Interest	-	-	-	-	-
Assessments	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Total assets	\$ -	\$ 2,030	\$ 70	\$ 23,763	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 2,030	\$ 70	\$ 45	\$ -
Due to other funds	-	-	-	-	2,178
Unearned revenues	-	-	-	-	-
Total liabilities	-	2,030	70	45	2,178
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	23,718	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(2,178)
Total fund balances	-	-	-	23,718	(2,178)
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 2,030	\$ 70	\$ 23,763	\$ -

(Continued)

City of Salinas
Combining Balance Sheet (Continued)
Nonmajor Debt Service Funds
June 30, 2022

	Assessment District Reserve	2019 Special Tax Bond Monte Bella	Total
ASSETS			
Cash and investments	\$ 1,585,241	\$ 505,352	\$ 3,529,170
Receivables, net:			
Interest	3,022	-	5,243
Assessments	-	7,320,000	8,290,000
Restricted cash and investments	234,528	327,643	686,637
Total assets	\$ 1,822,791	\$ 8,152,995	\$ 12,511,050
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 4,312	\$ 9,977
Due to other funds	-	-	2,178
Unearned revenues	-	7,320,000	8,290,000
Total liabilities	-	7,324,312	8,302,155
Fund Balances:			
Nonspendable	-	-	-
Restricted	1,822,791	828,683	4,211,073
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	(2,178)
Total fund balances	1,822,791	828,683	4,208,895
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,822,791	\$ 8,152,995	\$ 12,511,050

(Concluded)

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended June 30, 2022

	Assessment District Debt Service	COP 1999 & 2004 Consolidation (2014)	2018 Lease-PS Building Police	COP 2018B T.R.I.P. Total Road Improvement	Energy Improvement Lease
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - special assessments	255,452	-	-	-	-
Investment income (loss)	88	(2,851)	247,921	30,643	(116)
Total revenues	255,540	(2,851)	247,921	30,643	(116)
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Debt service:					
Principal	590,000	161,000	10,410,000	740,000	-
Interest and fiscal charges	37,036	69,324	1,774,828	1,600,076	-
Total expenditures	627,036	230,324	12,184,828	2,340,076	-
REVENUES OVER (UNDER) EXPENDITURES	(371,496)	(233,175)	(11,936,907)	(2,309,433)	(116)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	11,938,298	2,340,075	-
Transfers out	-	-	-	-	(36,001)
Total other financing sources (uses)	-	-	11,938,298	2,340,075	(36,001)
NET CHANGE IN FUND BALANCES	(371,496)	(233,175)	1,391	30,642	(36,117)
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (Note 23)	567,646	398,939	-	1,141,934	36,117
End of year	<u>\$ 196,150</u>	<u>\$ 165,764</u>	<u>\$ 1,391</u>	<u>\$ 1,172,576</u>	<u>\$ -</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, 2022

	COP 2005 A&B 2015 Refunding	2018 Lease El Gabilan Library	2020A Refunding Energy	2020A Refunding SVSWA	Assessment District Administration
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - special assessments	-	-	-	-	-
Investment income (loss)	(290)	17	-	(15)	-
Total revenues	<u>(290)</u>	<u>17</u>	<u>-</u>	<u>(15)</u>	<u>-</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Debt service:					
Principal	-	215,000	865,000	525,000	-
Interest and fiscal charges	-	573,474	628,134	146,305	-
Total expenditures	<u>-</u>	<u>788,474</u>	<u>1,493,134</u>	<u>671,305</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(290)</u>	<u>(788,457)</u>	<u>(1,493,134)</u>	<u>(671,320)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	788,457	1,489,267	689,804	-
Transfers out	(87,010)	-	-	-	-
Total other financing sources (uses)	<u>(87,010)</u>	<u>788,457</u>	<u>1,489,267</u>	<u>689,804</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(87,300)	-	(3,867)	18,484	-
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (Note 23)	87,300	-	3,867	5,234	(2,178)
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,718</u>	<u>\$ (2,178)</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, 2022

	Assessment District Reserve	2019 Special Tax Bond Monte Bella	Total
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Taxes - special assessments	-	494,271	749,723
Investment income (loss)	(20,835)	216	254,778
Total revenues	(20,835)	494,487	1,004,501
EXPENDITURES:			
Current:			
General government	-	15,200	15,200
Debt service:			
Principal	-	90,000	13,596,000
Interest and fiscal charges	-	315,474	5,144,651
Total expenditures	-	420,674	18,755,851
REVENUES OVER (UNDER) EXPENDITURES	(20,835)	73,813	(17,751,350)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	17,245,901
Transfers out	-	-	(123,011)
Total other financing sources (uses)	-	-	17,122,890
NET CHANGE IN FUND BALANCES	(20,835)	73,813	(628,460)
FUND BALANCES (DEFICIT):			
Beginning of year, as restated (Note 23)	1,843,626	754,870	4,837,355
End of year	<u>\$ 1,822,791</u>	<u>\$ 828,683</u>	<u>\$ 4,208,895</u>
			(Concluded)

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 Fund - 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 Fund - 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 Fund - 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.

Capital Projects - 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.

City of Salinas
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2022

	Special Construction Assistance	Special Aviation	Assessment District Project	2019 Special Tax Bond Monte Bella	Capital Projects	Total
ASSETS						
Cash and investments	\$12,524,028	\$ 1,121,021	\$ 411,125	\$ 26,090	\$ 2,000,000	\$16,082,264
Receivables, net:						
Interest	150,576	1,857	692	36	-	153,161
Due from outside agencies	3,639,403	128,978	-	-	-	3,768,381
Leases	3,771,199	-	-	-	-	3,771,199
Due from other funds	-	-	-	-	1,364,533	1,364,533
Total assets	<u>\$20,085,206</u>	<u>\$ 1,251,856</u>	<u>\$ 411,817</u>	<u>\$ 26,126</u>	<u>\$ 3,364,533</u>	<u>\$25,139,538</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 696,889	\$ 39,874	\$ -	\$ -	\$ 1,364,533	\$ 2,101,296
Due to other funds	1,235,128	-	-	-	-	1,235,128
Total liabilities	<u>1,932,017</u>	<u>39,874</u>	<u>-</u>	<u>-</u>	<u>1,364,533</u>	<u>3,336,424</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	3,215,947	128,978	-	-	-	3,344,925
Related to leases	3,779,790	-	-	-	-	3,779,790
Total deferred inflows of resources	<u>6,995,737</u>	<u>128,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,124,715</u>
Fund Balances:						
Restricted	11,015,467	1,083,004	411,817	26,126	-	12,536,414
Committed	141,985	-	-	-	2,000,000	2,141,985
Total fund balances	<u>11,157,452</u>	<u>1,083,004</u>	<u>411,817</u>	<u>26,126</u>	<u>2,000,000</u>	<u>14,678,399</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$20,085,206</u>	<u>\$ 1,251,856</u>	<u>\$ 411,817</u>	<u>\$ 26,126</u>	<u>\$ 3,364,533</u>	<u>\$25,139,538</u>

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2022

	Special Construction Assistance	Special Aviation	Assessment District Project	2019 Special Tax Bond Monte Bella	Capital Projects	Total
REVENUES:						
Intergovernmental	\$ 8,237,267	\$ 454,218	\$ -	\$ -	\$ -	\$ 8,691,485
Charges for services	468,444	-	-	-	-	468,444
Investment income (loss)	150,576	(13,267)	(4,763)	(3,814)	-	128,732
Rental income	(8,591)	-	-	-	-	(8,591)
Miscellaneous	698,677	-	-	-	-	698,677
Total revenues	<u>9,546,373</u>	<u>440,951</u>	<u>(4,763)</u>	<u>(3,814)</u>	<u>-</u>	<u>9,978,747</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	1,736,777	1,736,777
Public works	-	-	-	-	7,158,980	7,158,980
Capital outlay	12,175,167	224,984	-	-	4,732,394	17,132,545
Debt service:						
Principal	-	-	-	-	916,279	916,279
Interest and fiscal charges	-	-	-	-	112,870	112,870
Total expenditures	<u>12,175,167</u>	<u>224,984</u>	<u>-</u>	<u>-</u>	<u>15,884,060</u>	<u>28,284,211</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,628,794)</u>	<u>215,967</u>	<u>(4,763)</u>	<u>(3,814)</u>	<u>(15,884,060)</u>	<u>(18,305,464)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	15,884,060	15,884,060
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,884,060</u>	<u>15,884,060</u>
NET CHANGE IN FUND BALANCES	<u>(2,628,794)</u>	<u>215,967</u>	<u>(4,763)</u>	<u>(3,814)</u>	<u>-</u>	<u>(2,421,404)</u>
FUND BALANCES:						
Beginning of year, as restated (Note 23)	<u>13,786,246</u>	<u>867,037</u>	<u>416,580</u>	<u>29,940</u>	<u>2,000,000</u>	<u>17,099,803</u>
End of year	<u>\$11,157,452</u>	<u>#####</u>	<u>\$ 411,817</u>	<u>\$ 26,126</u>	<u>\$ 2,000,000</u>	<u>\$14,678,399</u>

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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 Fund - 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 Fund - 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 Fund - This fund is used to account for the City's self-insured workers compensation program.

General Liability Fund - This fund is used to account for the City's self-insured general liability insurance program.

Fleet Maintenance Fund - This fund is used to account for the inspection, maintenance, and repair of all the City's vehicles and equipment.

City of Salinas
Combining Statement of Net Position
All Internal Service Funds
June 30, 2022

	Risk Management	General Insurance	Workers Compensation	General Liability	Fleet Maintenance	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,944,407	\$ 1,858,885	\$ 8,420,733	\$ 1,504,424	\$10,263,947	\$23,992,396
Due from other funds	-	-	16,831,462	-	-	16,831,462
Accrued interest	-	-	14,453	2,585	-	17,038
Total current assets	1,944,407	1,858,885	25,266,648	1,507,009	10,263,947	40,840,896
Noncurrent assets:						
Restricted cash and investments	-	-	274,506	116,394	-	390,900
Total noncurrent assets	-	-	274,506	116,394	-	390,900
Total assets	1,944,407	1,858,885	25,541,154	1,623,403	10,263,947	41,231,796
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	-	-	21,962	43,985	175,819	241,766
Related to OPEB	-	-	10,585	26,407	51,656	88,648
Total deferred outflows of resources	-	-	32,547	70,392	227,475	330,414
LIABILITIES						
Current liabilities:						
Accounts payable	-	49,804	26,159	8,105	78,869	162,937
Insurance claims payable - due within one year	-	-	4,420,503	3,069,479	-	7,489,982
Compensated absences - due within one year	-	-	2,030	2,030	22,078	26,138
Total current liabilities	-	49,804	4,448,692	3,079,614	100,947	7,679,057
Noncurrent liabilities:						
Insurance claims payable - due in more than one year	-	-	20,891,012	1,270,716	-	22,161,728
Compensated absences - due in more than one year	-	-	8,119	8,119	88,310	104,548
Net pension liability	-	-	63,299	126,770	506,734	696,803
Net OPEB liability	-	-	32,752	81,709	159,836	274,297
Total noncurrent liabilities	-	-	20,995,182	1,487,314	754,880	23,237,376
Total liabilities	-	49,804	25,443,874	4,566,928	855,827	30,916,433
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	-	-	42,107	84,328	337,084	463,519
Related to OPEB	-	-	22,690	56,607	110,733	190,030
Total deferred inflows of resources	-	-	64,797	140,935	447,817	653,549
NET POSITION						
Unrestricted (deficit)	1,944,407	1,809,081	65,030	(3,014,068)	9,187,778	9,992,228
Total net position	\$ 1,944,407	\$ 1,809,081	\$ 65,030	\$ (3,014,068)	\$ 9,187,778	\$ 9,992,228

City of Salinas
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2022

	Risk Management	General Insurance	Workers Compensation	General Liability	Fleet Maintenance	Total
OPERATING REVENUES:						
Charges for services	\$ 2,040	\$ 790,495	\$ 5,274,068	\$ 1,253,522	\$ -	\$ 7,320,125
Total operating revenues	2,040	790,495	5,274,068	1,253,522	-	7,320,125
OPERATING EXPENSES:						
Personnel services	-	-	393,309	452,286	1,151,945	1,997,540
Contractual services	-	19,898	5,000	-	119,404	144,302
Supplies	-	-	-	-	752,570	752,570
Insurance	-	1,657,149	413,210	3,386,547	-	5,456,906
Insurance claims	-	-	4,206,440	1,182,495	-	5,388,935
Other	149	120,250	-	-	19,700	140,099
Total operating expenses	149	1,797,297	5,017,959	5,021,328	2,043,619	13,880,352
OPERATING INCOME (LOSS)	1,891	(1,006,802)	256,109	(3,767,806)	(2,043,619)	(6,560,227)
NONOPERATING REVENUES (EXPENSES):						
Investment income (loss)	-	-	(97,269)	(24,944)	-	(122,213)
Total nonoperating revenues (expenses)	-	-	(97,269)	(24,944)	-	(122,213)
INCOME (LOSS) BEFORE TRANSFERS	1,891	(1,006,802)	158,840	(3,792,750)	(2,043,619)	(6,682,440)
TRANSFERS:						
Transfers in	-	-	-	1,661,300	11,120,000	12,781,300
Transfers out	-	-	-	-	-	-
Total transfers	-	-	-	1,661,300	11,120,000	12,781,300
Changes in net position	1,891	(1,006,802)	158,840	(2,131,450)	9,076,381	6,098,860
NET POSITION (DEFICIT):						
Beginning of year	1,942,516	2,815,883	(93,810)	(882,618)	111,397	3,893,368
End of year	<u>\$ 1,944,407</u>	<u>\$ 1,809,081</u>	<u>\$ 65,030</u>	<u>\$(3,014,068)</u>	<u>\$ 9,187,778</u>	<u>\$ 9,992,228</u>

City of Salinas
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2022

	Risk Management	General Insurance	Workers Compensation	General Liability	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 2,040	\$ 790,495	\$ 9,694,571	\$ 4,323,001	\$ -	\$14,810,107
Payments to suppliers for goods and services	-	(1,650,612)	13,854	(9,029)	(876,311)	(2,522,098)
Payments to employees for services	-	-	(390,691)	(454,219)	(1,095,124)	(1,940,034)
Payments to claimants	-	-	(8,602,579)	(6,456,026)	-	(15,058,605)
Other	(149)	(120,250)	-	-	(19,700)	(140,099)
Net cash provided by (used in) operating activities	1,891	(980,367)	715,155	(2,596,273)	(1,991,135)	(4,850,729)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from other funds	-	-	-	1,661,300	11,120,000	12,781,300
Net cash provided by noncapital financing activities	-	-	-	1,661,300	11,120,000	12,781,300
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Payment on capital debt and loans payable	-	-	(3,723)	(38,665)	(98,835)	(141,223)
Net cash (used in) capital and related financing activities	-	-	(3,723)	(38,665)	(98,835)	(141,223)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income (loss)	-	-	(106,192)	(25,567)	-	(131,759)
Net cash provided by investing activities	-	-	(106,192)	(25,567)	-	(131,759)
Net change in cash and cash equivalents	1,891	(980,367)	605,240	(999,205)	9,030,030	7,657,589
CASH AND CASH EQUIVALENTS:						
Beginning of year	1,942,516	2,839,252	8,089,999	2,620,023	1,233,917	16,725,707
End of year	<u>\$ 1,944,407</u>	<u>\$ 1,858,885</u>	<u>\$ 8,695,239</u>	<u>\$ 1,620,818</u>	<u>\$10,263,947</u>	<u>\$24,383,296</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:						
Cash and cash investments	\$ 1,944,407	\$ 1,858,885	\$ 8,420,733	\$ 1,504,424	\$10,263,947	\$23,992,396
Restricted cash and investments	-	-	274,506	116,394	-	390,900
Total cash and cash equivalents	<u>\$ 1,944,407</u>	<u>\$ 1,858,885</u>	<u>\$ 8,695,239</u>	<u>\$ 1,620,818</u>	<u>\$10,263,947</u>	<u>\$24,383,296</u>

City of Salinas
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2022

	Risk Management	General Insurance	Workers Compensation	General Liability	Fleet Maintenance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income (loss)	\$ 1,891	\$(1,006,802)	\$ 256,109	\$(3,767,806)	\$(2,043,619)	\$(6,560,227)
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	-	-	7,923	14,977	60,835	83,735
Deferred outflows - related to OPEB	-	-	1,536	3,815	7,445	12,796
Accounts payable	-	26,435	18,854	(9,029)	(4,337)	31,923
Accrued liabilities	-	-	-	-	-	-
Deposits payable	-	-	4,420,503	3,069,479	-	7,489,982
Unearned revenue	-	-	-	-	-	-
Insurance claims payable	-	-	(3,982,929)	(1,886,984)	-	(5,869,913)
Compensated absences	-	-	10,149	10,149	110,388	130,686
Net pension liability	-	-	(56,995)	(110,566)	(445,863)	(613,424)
Net OPEB liability	-	-	(14,835)	(36,941)	(72,190)	(123,966)
Deferred inflows - related to pensions	-	-	41,099	82,340	329,108	452,547
Deferred inflows - related to OPEB	-	-	13,741	34,293	67,098	115,132
Total adjustments	-	26,435	459,046	1,171,533	52,484	1,709,498
Net cash provided by (used in) operating activities	\$ 1,891	\$ (980,367)	\$ 715,155	\$(2,596,273)	\$(1,991,135)	\$(4,850,729)

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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 Fund - 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.

City of Salinas
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2022

	Successor Agency Trust			Other Private Purpose Trust Fund	Total Private Purpose Trust Funds
	Redevelopment Obligation Retirement Fund	Total Successor Agency Trust			
	Administration				
ASSETS					
Cash and investments	\$ 3,071,482	\$ 19,334	\$ 3,090,816	\$ 977,089	\$ 4,067,905
Cash and investments held by fiscal agent	1,706,907	-	1,706,907	-	1,706,907
Receivables:					
Accounts	-	-	-	7,673	7,673
Interest	3,968	-	3,968	-	3,968
Loans and notes	173,900	-	173,900	-	173,900
Total assets	<u>4,956,257</u>	<u>19,334</u>	<u>4,975,591</u>	<u>984,762</u>	<u>5,960,353</u>
LIABILITIES					
Accounts payable	-	76	76	93,393	93,469
Interest payable	709,247	-	709,247	-	709,247
Deposits payable	-	-	-	140,297	140,297
Unearned revenue	2,174,914	10,000	2,184,914	-	2,184,914
Long-term debt:					
Due in one year	296,133	-	296,133	-	296,133
Due in more than one year	1,499,665	-	1,499,665	-	1,499,665
Total liabilities	<u>4,679,959</u>	<u>10,076</u>	<u>4,690,035</u>	<u>233,690</u>	<u>4,923,725</u>
NET POSITION (DEFICIT)					
Restricted for individuals and organizations	<u>276,298</u>	<u>9,258</u>	<u>285,556</u>	<u>751,072</u>	<u>1,036,628</u>
Total net position (deficit)	<u>\$ 276,298</u>	<u>\$ 9,258</u>	<u>\$ 285,556</u>	<u>\$ 751,072</u>	<u>\$ 1,036,628</u>

City of Salinas
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2022

	Successor Agency Trust			Other Private Purpose Trust Fund	Total Private Purpose Trust Funds
	Redevelopment Obligation Retirement Fund	Total Successor Agency Trust			
	Administration				
ADDITIONS:					
Taxes	\$ 4,953,103	\$ 10,000	\$ 4,963,103	\$ -	\$ 4,963,103
Private contributions	-	-	-	1,350,551	1,350,551
Interest	40,920	-	40,920	-	40,920
Total additions	4,994,023	10,000	5,004,023	1,350,551	6,354,574
DEDUCTIONS:					
Expenses	1,292,273	1,363	1,293,636	51,424	1,345,060
Payments on behalf of trustees	-	3,911	3,911	1,396,955	1,400,866
Contributions to other agencies	2,421,954	-	2,421,954	-	2,421,954
Payments to City	951,900	-	951,900	-	951,900
Total deductions	4,666,127	5,274	4,671,401	1,448,379	6,119,780
Change in net position	327,896	4,726	332,622	(97,828)	234,794
NET POSITION (DEFICIT):					
Beginning of year, as restated (Note 23)	(51,598)	4,532	(47,066)	848,900	801,834
End of period	<u>\$ 276,298</u>	<u>\$ 9,258</u>	<u>\$ 285,556</u>	<u>\$ 751,072</u>	<u>\$ 1,036,628</u>

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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.

SUBA Business Improvement District Fund - This fund accounts for the business license surcharged assessment imposed on Alisal businesses, and are used to promote and revitalize the business district. Expenditures are determined by the districts' Board of Directors and approved by the City Council.

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.

Cafeteria Plan - This fund is used to account for the City's Cafeteria Plan for unreimbursed medical and dependent care payments (Flexible Spending Account) operated under Section 125 of the Internal Revenue Code. Pre-tax monies are deducted from employees in accordance with their Salary Redirection Agreements and used to reimburse employees for qualified unreimbursed medical and dependent care expenses after obtaining approval from the City's cafeteria plan administrator.

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.

City of Salinas
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022

	SUBA Business Improvement District	Flexible Spending	Cafeteria Plan	Downtown Community Benefit District	Total Custodial Funds
ASSETS					
Cash and investments	\$ 548	\$ 75,228	\$ -	\$ 11,945	\$ 87,721
Cash and investments held by fiscal agent	-	77,059	-	-	77,059
Total assets	548	152,287	-	11,945	164,780
LIABILITIES					
Accounts payable	-	130,823	-	11,945	142,768
Total liabilities	-	130,823	-	11,945	142,768
NET POSITION (DEFICIT)					
Restricted for individuals and organizations	548	21,464	-	-	22,012
Total net position (deficit)	\$ 548	\$ 21,464	\$ -	\$ -	\$ 22,012

City of Salinas
Combining Statement of Changes of Fiduciary Net Position
Custodial Funds
June 30, 2022

	SUBA Business Improvement District	Flexible Spending	Cafeteria Plan	Downtown Community Benefit District	Total Custodial Funds
ADDITIONS:					
Taxes	\$ 30	\$ -	\$ -	\$ 459,914	\$ 459,944
Plan member contributions	-	296,149	-	-	296,149
Total additions	30	296,149	-	459,914	756,093
DEDUCTIONS:					
Expenses	-	275,849	1	-	275,850
Benefit payments	-	75,890	-	-	75,890
Assessments disbursed to other governments	-	-	-	459,914	459,914
Total deductions	-	351,739	1	459,914	811,654
Change in net position	30	(55,590)	(1)	-	(55,561)
NET POSITION (DEFICIT):					
Beginning of year	518	77,054	1	-	77,573
End of period	<u>\$ 548</u>	<u>\$ 21,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,012</u>

City of Salinas
Combining Balance Sheet
General, Measure E, & Measure G Funds
June 30, 2022

	General Fund	Measure E Fund	Measure G Fund	Total
ASSETS				
Cash and investments	\$ 27,936,778	\$ 11,918,925	\$ 21,738,324	\$ 61,594,027
Receivables, net:				
Accounts	504,234	120	-	504,354
Taxes	10,616,463	2,928,655	5,892,370	19,437,488
Interest	168,968	19,332	35,532	223,832
Due from outside agencies	75,000	-	-	75,000
Leases	2,004,626	-	-	2,004,626
Due from other funds	8,106,123	-	-	8,106,123
Advances to other funds	2,785,000	-	-	2,785,000
Total assets	\$ 52,197,192	\$ 14,867,032	\$ 27,666,226	\$ 94,730,450
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,377,959	\$ 492,242	\$ 683,169	\$ 5,553,370
Due to other funds	16,995,329	-	175,797	17,171,126
Deposits payable	46,281	-	-	46,281
Total liabilities	21,419,569	492,242	858,966	22,770,777
DEFERRED INFLOWS OF RESOURCES				
Related to leases	1,975,003	-	-	1,975,003
Total deferred inflows of resources	1,975,003	-	-	1,975,003
Fund Balances:				
Nonspendable	2,785,000	-	-	2,785,000
Restricted	6,000,000	-	-	6,000,000
Committed	20,960,197	9,205,721	6,199,405	36,365,323
Assigned	7,321,952	863,153	7,081,699	15,266,804
Unassigned	(8,264,529)	4,305,916	13,526,156	9,567,543
Total fund balances	28,802,620	14,374,790	26,807,260	69,984,670
Total liabilities, deferred inflows of resources, and fund balances	\$ 52,197,192	\$ 14,867,032	\$ 27,666,226	\$ 94,730,450

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, 2022

	General Fund	Measure E Fund	Measure G Fund	Intrafund Eliminations	Total
REVENUES:					
Taxes	\$ 95,276,944	\$ 16,816,255	\$ 33,742,675	\$ -	\$ 145,835,874
Taxes - special assessments	-	-	-	-	-
Licenses and permits	11,477,723	-	-	-	11,477,723
Intergovernmental	1,301,666	-	-	-	1,301,666
Charges for services	5,233,403	-	-	-	5,233,403
Interest (loss)	(1,038,960)	(116,298)	(250,845)	-	(1,406,103)
Rental income	325,113	-	-	-	325,113
Fines and forfeitures	426,149	-	-	-	426,149
Miscellaneous	1,014,336	240	-	-	1,014,576
Total revenues	114,016,374	16,700,197	33,491,830	-	164,208,401
EXPENDITURES:					
Current:					
General government	15,168,042	518,166	1,506,221	-	17,192,429
Public safety	65,247,274	4,515,778	12,693,035	-	82,456,087
Public works	11,768,225	258,132	850,691	-	12,877,048
Recreation	2,550,067	2,007,836	1,020,292	-	5,578,195
Library	-	4,401,235	-	-	4,401,235
Capital outlay	362,275	-	80,448	-	442,723
Debt service:					
Principal	655,441	-	-	-	655,441
Interest and fiscal charges	217,285	-	-	-	217,285
Total expenditures	95,968,609	11,701,147	16,150,687	-	123,820,443
REVENUES OVER (UNDER) EXPENDITURES	18,047,765	4,999,050	17,341,143	-	40,387,958
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	1	-	-	-	1
Transfers in	6,188,719	700,000	-	(4,909,620)	1,979,099
Transfers out	(22,176,636)	(925,247)	(16,689,403)	4,909,620	(34,881,666)
Total other financing sources (uses)	(15,987,916)	(225,247)	(16,689,403)	-	(32,902,566)
NET CHANGE IN FUND BALANCES	2,059,849	4,773,803	651,740	-	7,485,392
FUND BALANCES:					
Beginning of year, as previously reported	28,739,032	9,600,987	26,155,520	-	64,495,539
Prior period adjustment (Note 23)	(1,996,261)	-	-	-	(1,996,261)
Beginning of year, as adjusted	26,742,771	9,600,987	26,155,520	-	62,499,278
End of year	<u>\$ 28,802,620</u>	<u>\$ 14,374,790</u>	<u>\$ 26,807,260</u>	<u>\$ -</u>	<u>\$ 69,984,670</u>

City of Salinas
Budgetary Comparison Schedule
Measure E
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 14,190,000	\$ 14,190,000	\$ 16,816,255	\$ 2,626,255
Interest	40,000	40,000	(116,298)	(156,298)
Miscellaneous	-	-	240	240
Total revenues	<u>14,230,000</u>	<u>14,230,000</u>	<u>16,700,197</u>	<u>2,470,197</u>
EXPENDITURES:				
Current:				
General government	525,661	527,130	518,166	8,964
Public safety	4,575,478	4,700,737	4,515,778	184,959
Public works	357,212	358,712	258,132	100,580
Recreation	2,240,785	2,288,728	2,007,836	280,892
Library	5,624,242	5,624,241	4,401,235	1,223,006
Capital outlay	-	-	-	-
Total expenditures	<u>13,323,378</u>	<u>13,499,548</u>	<u>11,701,147</u>	<u>1,798,401</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>906,622</u>	<u>730,452</u>	<u>4,999,050</u>	<u>671,796</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	700,000	700,000	700,000	-
Transfers out	(1,762,000)	(2,143,542)	(925,247)	(1,218,295)
Total other financing sources (uses)	<u>(1,062,000)</u>	<u>(1,443,542)</u>	<u>(225,247)</u>	<u>(1,218,295)</u>
Net change in fund balance	<u>\$ (155,378)</u>	<u>\$ (713,090)</u>	4,773,803	<u>\$ 5,486,893</u>
FUND BALANCE:				
Beginning of year			<u>9,600,987</u>	
End of year			<u>\$ 14,374,790</u>	

City of Salinas
Budgetary Comparison Schedule
Measure G
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 27,865,000	\$ 27,865,000	\$ 33,742,675	\$ 5,877,675
Interest	130,000	130,000	(250,845)	(380,845)
Total revenues	<u>27,995,000</u>	<u>27,995,000</u>	<u>33,491,830</u>	<u>5,496,830</u>
EXPENDITURES:				
Current:				
General government	1,400,197	1,406,192	1,506,221	(100,029)
Public safety	11,928,136	11,985,191	12,693,035	(707,844)
Public works	947,755	1,033,527	850,691	182,836
Recreation	1,383,971	1,383,971	1,020,292	363,679
Capital outlay	30,000	30,500	80,448	30,500
Total expenditures	<u>15,690,059</u>	<u>15,839,381</u>	<u>16,150,687</u>	<u>(230,858)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>12,304,941</u>	<u>12,155,619</u>	<u>17,341,143</u>	<u>5,727,688</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(12,959,415)	(26,504,311)	(16,689,403)	(9,814,908)
Total other financing sources (uses)	<u>(12,959,415)</u>	<u>(26,504,311)</u>	<u>(16,689,403)</u>	<u>(9,814,908)</u>
Net change in fund balance	<u>\$ (654,474)</u>	<u>\$ (14,348,692)</u>	651,740	<u>\$ 15,000,432</u>
FUND BALANCE:				
Beginning of year			<u>26,155,520</u>	
End of year			<u>\$ 26,807,260</u>	

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OTHER INFORMATION

City of Salinas
Other Information (Unaudited)
Claims Development
Internal Service Funds - General Liability Insurance
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net earned required contribution and investment revenues	\$ 952,735	\$ 971,785	\$ 1,892,297	\$ 1,019,378	\$ 1,074,526
Unallocated expenses	338,630	353,537	334,291	339,171	314,127
Estimated incurred claims and expenses, end of policy year	522,131	161,668	965,536	534,565	36,271
Paid claims as of:					
End of policy year	30,214	18,140	55,188	116,262	15,603
One year later	172,798	635,352	282,538	20,991	227,379
Two years later	375,290	842,560	570,687	64,153	846,232
Three years later	1,021,746	1,345,021	679,871	65,043	947,734
Four years later	1,133,620	1,635,636	732,404	66,412	1,019,825
Five years later	1,135,208	1,676,450	779,178	835,586	1,721,882
Six years later	1,217,035	1,926,852	788,081	588,263	
Seven years later	1,332,414	1,926,852	1,195,953		
Eight years later	1,375,687	1,549,519			
Nine years later	1,400,748				
Reestimated incurred claims and expenses:					
End of policy year	522,131	161,668	965,536	234,565	36,271
One year later	638,797	2,233,535	1,390,213	194,433	357,416
Two years later	1,085,173	2,280,849	1,554,039	79,955	1,714,261
Three years later	1,046,887	1,960,665	730,656	94,678	949,419
Four years later	1,549,402	1,748,340	1,296,507	80,580	1,041,511
Five years later	1,697,321	1,742,087	1,091,507	835,586	1,721,882
Six years later	9,802,320	1,930,214	1,121,507	1,234,203	
Seven years later	5,399,014	1,926,852	1,195,953		
Eight years later	1,399,014	1,549,519			
Nine years later	1,442,204				
Increase/(decrease) in estimated incurred claims and expenses	876,883	1,765,184	155,971	601,021	1,005,241

City of Salinas
Other Information (Unaudited)
Claims Development
Internal Service Funds - General Liability Insurance (Continued)
Last Ten Fiscal Years

	2018	2019	2020	2021	2022
Net earned required contribution and investment revenues	\$ 863,563	\$ 342,324	\$ 263,104	\$ 276,393	\$ 276,393
Unallocated expenses	374,303	651,645	748,046	1,090,415	1,090,415
Estimated incurred claims and expenses, end of policy year	7,532	892,986	4,006	53,317	53,317
Paid claims as of:					
End of policy year	6,310	75,401	3,618	2,999	233,121
One year later	22,088	387,594	7,635	33,435	
Two years later	285,818	2,660,599	312,080		
Three years later	340,771	2,723,293			
Four years later	1,072,628				
Five years later					
Six years later					
Seven years later					
Eight years later					
Nine years later					
Reestimated incurred claims and expenses:					
End of policy year	7,532	892,986	4,006	53,317	603,165
One year later	796,619	1,583,466	42,411	778,790	
Two years later	327,418	3,952,801	468,435		
Three years later	666,518	3,936,716			
Four years later	1,144,430				
Five years later					
Six years later					
Seven years later					
Eight years later					
Nine years later					
Increase/(decrease) in estimated incurred claims and expenses	658,986	3,059,815	38,405	-	-

City of Salinas
Other Information (Unaudited)
Claims Development
Internal Service Funds - Workers Compensation Insurance
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net earned required contribution and investment revenues	\$ 7,472,705	\$ 4,377,426	\$ 6,130,921	\$ 13,748,053	\$ 4,743,276
Unallocated expenses	323,122	360,203	335,408	471,472	334,542
Estimated incurred claims and expenses, end of policy year	2,243,630	1,666,909	1,432,032	813,874	953,545
Paid claims as of:					
End of policy year	646,857	950,284	334,257	333,561	357,390
One year later	1,634,364	1,371,978	1,597,521	1,061,264	1,070,983
Two years later	1,959,739	1,927,023	2,162,775	1,602,857	1,997,607
Three years later	2,340,805	2,409,062	2,554,090	1,895,742	2,329,308
Four years later	2,907,257	2,621,000	2,706,246	2,014,757	2,558,332
Five years later	3,137,059	2,699,388	2,878,566	2,044,352	270,304
Six years later	4,169,602	2,783,374	2,985,635	2,064,349	
Seven years later	4,208,586	3,670,222	3,140,217		
Eight years later	4,235,413	3,705,820			
Nine years later	4,300,231				
Reestimated incurred claims and expenses:					
End of policy year	2,243,630	1,666,909	1,432,032	813,874	953,545
One year later	3,285,111	2,218,693	2,641,671	1,711,199	1,934,390
Two years later	3,764,688	3,204,843	3,520,776	2,433,616	2,924,696
Three years later	4,196,279	3,674,042	3,793,217	2,406,924	2,932,147
Four years later	4,760,993	3,643,183	3,694,285	2,505,621	3,111,763
Five years later	4,849,355	3,745,001	3,718,134	2,618,375	3,804,982
Six years later	5,004,810	4,104,444	3,779,664	2,636,313	
Seven years later	4,612,669	3,971,493	4,108,102		
Eight years later	4,625,068	4,015,971			
Nine years later	4,722,472				
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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net earned required contribution and investment revenues	\$ 4,922,253	\$ 6,079,547	\$ 10,151,619	\$ 8,119,793	\$ 5,176,801
Unallocated expenses	1,056,134	210,341	436,618	323,042	216,651
Estimated incurred claims and expenses, end of policy year	1,284,514	1,222,180	1,638,983	4,366,805	2,233,467
Paid claims as of:					
End of policy year	346,475	725,652	567,497	1,420,172	930,895
One year later	1,177,834	1,580,493	1,844,018	2,372,771	
Two years later	1,617,945	1,987,948	2,550,102		
Three years later	1,937,327	2,763,247			
Four years later	2,010,366				
Five years later					
Six years later					
Seven years later					
Eight years later					
Nine years later					
Reestimated incurred claims and expenses:					
End of policy year	1,284,514	1,222,180	1,638,983	4,366,805	2,223,467
One year later	1,833,783	2,488,357	3,759,255	5,391,076	
Two years later	2,290,339	3,269,045	4,558,744		
Three years later	3,249,184	4,060,647			
Four years later	3,195,733				
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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