

City of Salinas California



Basic Financial Statements **Fiscal Year Ended June 30, 2021**

Basic Financial Statements

Fiscal Year Ended June 30, 2021



PREPARED BY
THE DEPARTMENT OF FINANCE

Mark Roberts
Director of Finance

Mary Lagasca, Assistant Finance Director
Juan Hernandez, Accounting Manager

AUDITORS

McGilloway, Ray, Brown & Kaufman
Accountants and Consultants
379 West Market Street
Salinas, CA 93901

CITY OF SALINAS
Basic Financial Statements
Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
Transmittal Letter.....	i
Organizational Chart.....	xxvii
List of Principal Officials.....	xxviii
 FINANCIAL SECTION:	
Independent Auditors' Report	F-1
Management's Discussion and Analysis (Required Supplementary Information).....	F-5
 Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	F-21
Statement of Activities.....	F-22
Fund Financial Statements:	
Governmental Funds:.....	
Balance Sheet.....	F-25
Reconciliation of the Balance Sheet to Statement of Net Position.....	F-27
Statement of Revenues, Expenditures and Changes in Fund Balance.....	F-28
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	F-29
Proprietary Funds:.....	F-30
Statement of Fund Net Position (Deficit)	F-31
Statement of Revenues, Expenses and Changes in Fund Net Position (Deficits) ...	F-33
Statement of Cash Flows	F-35
Fiduciary Funds:	F-37
Statement of Fiduciary Net Position.....	F-41
Statement of Changes in Fiduciary Net Position	F-43
Statement of Changes in Fiduciary Net Position	F-44
Notes to Basic Financial Statements:	
#1. Description of the Reporting Entity and Significant Accounting Policies.....	F-47
#2. Stewardship, Compliance and Accountability	F-62
#3. Debt Compliance	F-64
#4. Cash and Investments	F-64
#5. Restricted Assets.....	F-70
#6. Taxes Receivable	F-70
#7. Assessment Receivable.....	F-71
#8. Due From Outside Agencies.....	F-71
#9. Interfund Transactions	F-72
#10. Loans Receivable, Net of Allowance.....	F-75
#11. Capital Assets.....	F-76

CITY OF SALINAS
Basic Financial Statements
Table of Contents

	<u>Page</u>
#12. Land and Properties Held for Resale	F-77
#13. Deferred Compensation Plan	F-78
#14. Retirement Programs	F-80
#15. Post Employment Benefits Other Than Pensions (OPEB)	F-99
#16. Risk Management	F-105
#17. Lease Obligations.....	F-106
#18. Long Term Debt.....	F-107
#19. Unearned Revenues and Deferred Inflow of Resources, net of allowance	F-127
#20. Restricted Net Position	F-128
#21. Fund Balance	F-129
#22. Encumbrance.....	F-130
#23. Joint Venture – Salinas Valley Solid Waste Authority.....	F-130
#24. Contingent Liabilities.....	F-131
#25. Successor Agency to The Salinas Redevelopment Agency.....	F-131
#26. COVID 19.....	F-135
#27. Subsequent Events	F-135
Required Supplementary Information	R-1
Budgetary Policy and Control:.....	R-3
Budgetary Comparison Schedule – General Fund, Measure E, & Measure G.....	R-9
Budgetary Comparison Schedule – Measure E.....	R-10
Budgetary Comparison Schedule – Measure G.....	R-11
Claims Development for Internal Service Funds	
General Liability Insurance.....	R-12
Claims Development for Internal Service Funds	
Workers Compensation Insurance	R-13
Agent Multiple-Employer Defined Benefit Pension Plan - Miscellaneous Plan	
Schedule of City’s Net Pension Liability and Related Ratios	R-14
Agent Multiple-Employer Defined Benefit Pension Plan - Miscellaneous Plan	
Schedule of the City’s Pension Plan Contributions and Notes	R-15
Agent Multiple-Employer Defined Benefit Pension Plan - Police Plan	
Schedule of City’s Net Pension Liability and Related Ratios	R-16
Agent Multiple-Employer Defined Benefit Pension Plan - Police Plan	
Schedule of the City’s Pension Plan Contributions and Notes	R-17
Cost-sharing Safety Multiple-Employer Defined Benefit Pension Plan	
Schedule of the City’s Proportionate Share of the Plan’s (PERF C)	
Net Pension Liability and Related Ratios	R-18
Cost-sharing Safety Multiple-Employer Defined Benefit Pension Plan	
Schedule of the City’s Pension Plan Contributions and Notes	R-19
Single - Employer Defined Benefit Pension Plan	
Schedule of the City’s Net Pension Liability and Related Ratios	R-20
Single - Employer Defined Benefit Pension Plan	
Schedule of the City’s Pension Plan Contributions and Notes	R-21

CITY OF SALINAS
 Basic Financial Statements
 Table of Contents

	<u>Page</u>
Schedule of Changes in the City’s Net OPEB Liability and Related Ratios as of The Measurement Date	R-22
Schedule of Employer OPEB Contributions.....	R-23
Supplementary Information	O-1
Non-Major Governmental Funds:	
Special Revenue Funds	O-3
Combining Balance Sheet.....	O-5
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	O-8
Debt Service Funds	O-11
Combining Balance Sheet.....	O-13
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	O-15
Capital Projects Funds	O-17
Combining Balance Sheet.....	O-19
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	O-20
Internal Service Funds:	O-21
Combining Statement of Net Position (Deficits)	O-23
Combining Statement of Revenues, Expenses and Changes in Net Position (Deficits)	O-24
Combining Statement of Cash Flows	O-25
Fiduciary Funds:	
Private Purpose Trust Funds	O-27
Combining Statement of Fiduciary Net Position (Deficit)	O-29
Combining Statement of Changes in Fiduciary Net Position (Deficit)	O-30
Custodial Funds	O-31
Combining Statement of Net Position	O-33
Combining Statement of Changes in Net Position	O-34
General, Measure E, & Measure G Funds:	O-35
Combining Balance Sheet.....	O-37
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	O-38



This page is intentionally left blank.



City of Salinas

FINANCE DEPARTMENT • 200 Lincoln Ave • Salinas, California 93901

(831) 758-7420 • (831) 758-7937 (Fax) • www.ci.salinas.ca.us

May 25, 2022

***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, 2021. 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.

McGilloway, Ray, Brown & Kaufman, 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, 2021, 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, 2021, 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, 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 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, two municipal golf courses, Sanitary Sewer and Storm Drain systems, 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 2020-21 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 three major department stores – Macy's, 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, 2021 and to provide a financial analysis of City performance.

Capital Assets and Depreciation

As of June 30, 2021, capital assets, including infrastructure assets, of the City of Salinas totaled \$855.3 million; accumulated depreciation totaled \$439.4 million, with the difference providing net capital assets of \$415.9 million. Net capital assets of the City's governmental activities (general government) are \$305.5 million and net capital assets for the City's business-type activities (enterprise funds) are \$110.4 million.

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

During FY 2020-21, depreciation expense on capital assets of the City's governmental activities (general government) was \$10.6 million and depreciation expense on capital assets of the City's business-type activities (enterprise funds) was \$6.3 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, 2021, the City had \$449.5 million in long-term debt. Long-term debt includes liabilities for annual leave, long-term portion of Worker's Compensation claims payable, capital leases and notes and bonds payable, and net pension liability. 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 18, for a complete discussion of the City's Long-term Debt.

Fund Financial Statements-General Governmental Revenues

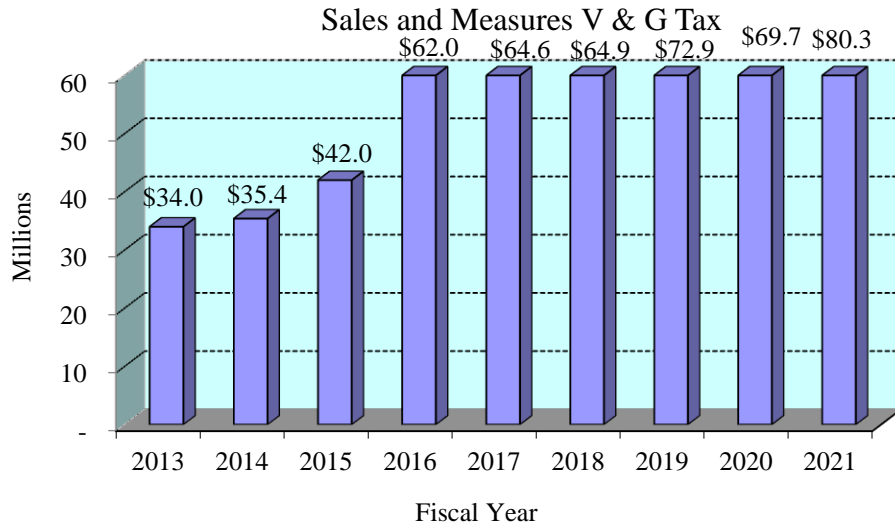
The current governmental operations of the City are accounted for in the General, Special Revenue, Debt Service, and Capital Project Funds. For the fiscal year ended June 30, 2021, total revenues for general governmental functions totaled \$191.3 million, an increase of 11.3% over the previous fiscal year.

Sales Tax

The City has a well-diversified economy and sales tax base. The sales and transaction and use tax increased \$10.6 million, or 15.2% from FY 2019-20. 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 18.5% of the combined governmental fund type revenues. Transactions and Use Tax (Measures E and G) represents 23.8% 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 \$80.3 million or 42.0% of the combined governmental fund type revenues.

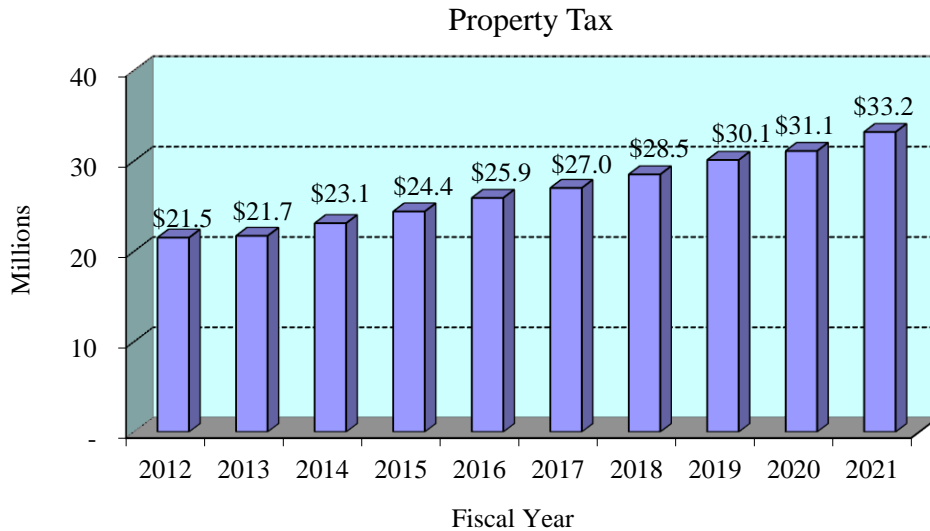
On November 8, 2005, the voters of Salinas approved Measure V, a 0.50% transactions and use tax. On November 6, 2012, the voters of Salinas approved to extend the 0.50% transaction and use tax with no sunset (Measure E). Measure E is a general tax and is reported as part of the General Fund, although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



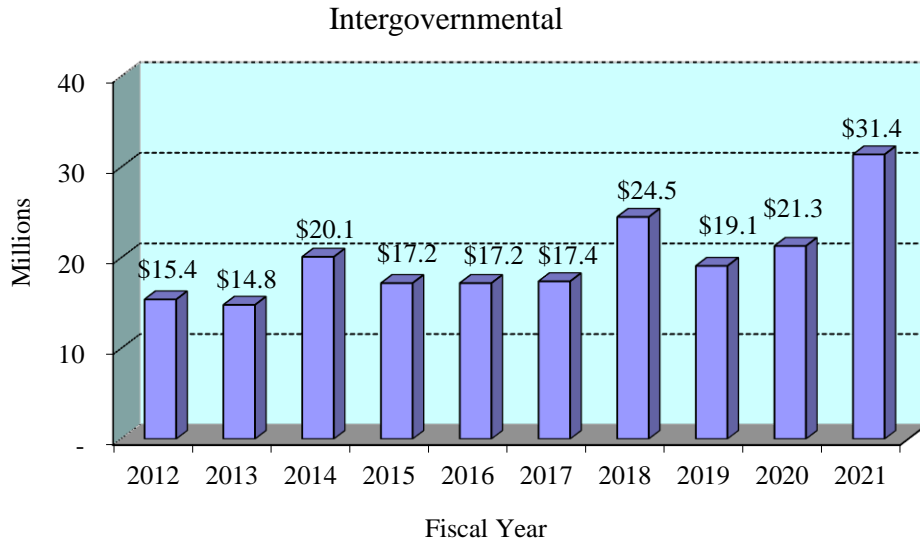
Property Tax

Property tax revenue was the second largest source of revenue during this fiscal year, producing 17.4% of the combined governmental fund type revenues. Property tax revenue includes Property tax-in-lieu of vehicle license fees (2/3 of VLF) of \$14.4 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 \$33.2 million.



Intergovernmental

Intergovernmental revenue was the third largest single category of revenue during the fiscal year producing 16.4% 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 eight years ago. Intergovernmental revenue had an increase from the prior year of \$10.1 million, or 47.5%, mainly from increased Federal funding for the pandemic.



Utility User's Tax and Other Taxes

Utility user's tax and other taxes produced 16.5% of the combined governmental fund type revenues. Other taxes include business license tax and franchise fees, among others. Utility user's tax remained unchanged from the prior year at \$11.7 million, as do Other taxes at \$19.9 million.

Assessment District Taxes

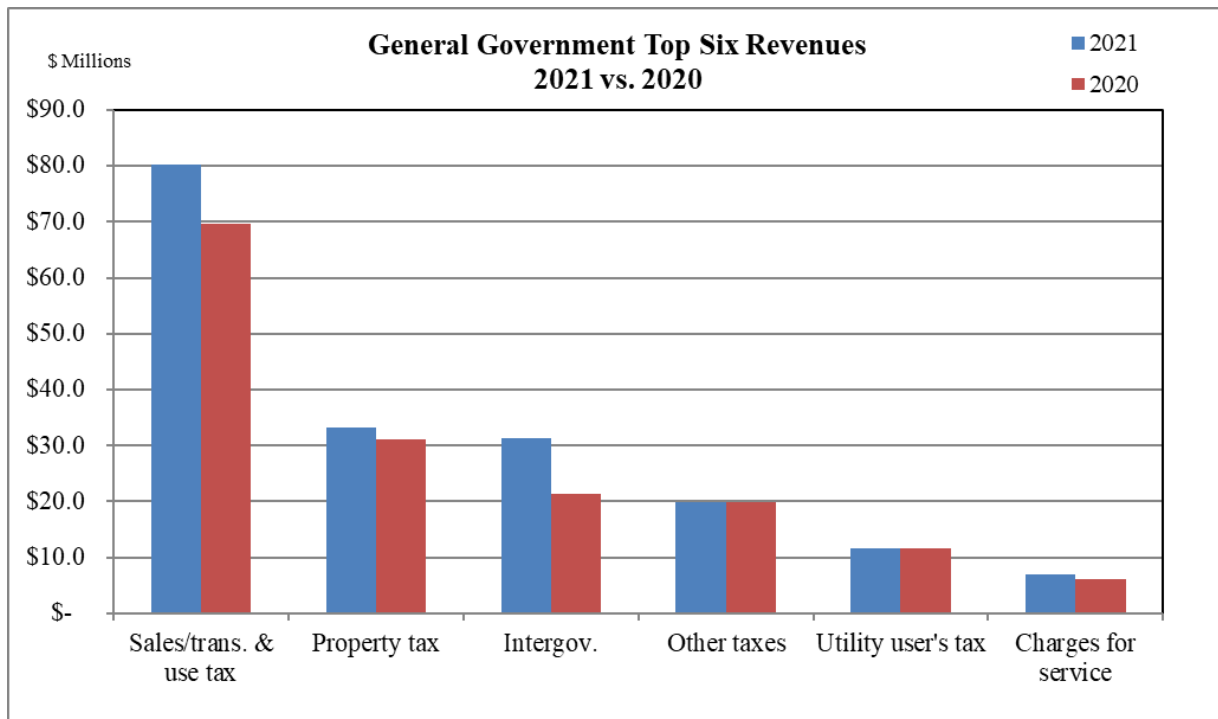
The Assessment District Debt Service Fund taxes increased by 10.1% to \$2.7 million.

Charges for Services

The Charges for Services revenue increased by \$0.6 million, or 10.1% 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	2021 Amounts	Percent of Total	2020 Amounts	2021 vs. 2020 Increase/(decrease)	
				Dollars	Percent
Assessment districts:					
Taxes	\$ 2,774,645	1.4%	\$ 2,521,100	\$ 253,545	10.1%
Property tax	33,234,237	17.4%	31,148,765	2,085,472	6.7%
Sales/transaction & use tax	80,275,160	41.9%	69,670,899	10,604,261	15.2%
Utility user's tax	11,664,913	6.1%	11,654,328	10,585	0.1%
Other taxes	19,869,125	10.4%	19,831,691	37,434	0.2%
License & permits	812,083	0.4%	824,569	(12,486)	-1.5%
Intergovernmental	31,404,757	16.4%	21,287,712	10,117,045	47.5%
Charges for service	6,854,066	3.6%	6,224,883	629,183	10.1%
Interest	673,582	0.4%	2,989,595	(2,316,013)	-77.5%
Rental income	927,623	0.5%	545,137	382,486	70.2%
Fines/forfeitures	623,400	0.3%	640,262	(16,862)	-2.6%
Contributions	-	0.0%	159,169	(159,169)	-100.0%
Miscellaneous	2,243,489	1.2%	4,354,449	(2,110,960)	-48.5%
TOTAL	\$ 191,357,080	100.0%	\$ 171,852,559	\$ 19,504,521	11.3%

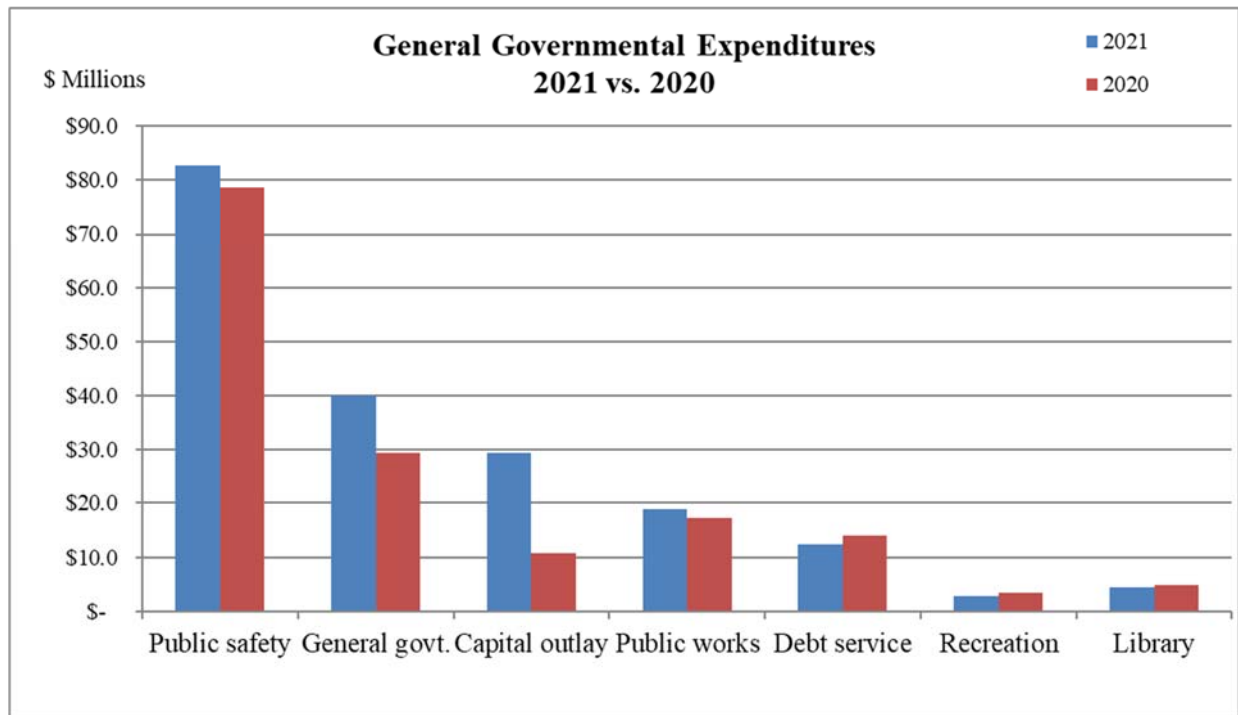


Fund Financial Statements-General Governmental Expenditures

Expenditures for governmental operations during the fiscal year ended June 30, 2021 were \$190.9 million, a net increase of 20.7% in total expenditures over the previous year.

Changes in expenditures by major function are as follows:

Function	2021	Percent of Total	2020	2021 vs. 2020 Increase/(decrease)	
				Dollars	Percent
General government	\$ 39,992,586	20.9%	\$ 29,432,887	\$ 10,559,699	35.9%
Public safety	82,842,431	43.4%	78,580,637	4,261,794	5.4%
Public works	18,892,966	9.9%	17,231,621	1,661,345	9.6%
Recreation	2,935,550	1.5%	3,493,581	(558,031)	-16.0%
Library	4,363,997	2.3%	4,781,223	(417,226)	-8.7%
Subtotal operations	149,027,530	78.0%	133,519,949	15,507,581	11.6%
Capital outlay	29,525,238	15.5%	10,658,987	18,866,251	177.0%
Debt service:					
Principal	6,465,528	3.4%	9,905,582	(3,440,054)	-34.7%
Interest	5,951,232	3.1%	4,102,067	1,849,165	45.1%
Total	\$ 190,969,528	100.0%	\$ 158,186,585	\$ 32,782,943	20.7%



Operating expenditures increased by \$15.5 million or 11.6% from \$133.5 million in FY 2019-20 to \$149.0 million in FY 2020-21.

General Government increased by \$10.6 million, or 35.9%. This increase was due to the City making an \$4.9 million New York Life Employer Pension contribution, \$1.5 million CalPERS UAL payment, and about \$3 million increase in accruals to cover for future obligations, per Corvel's estimates. Recreation decreased by \$0.6 million, or 16.0%, Public Safety increased by \$4.3 million, or 5.4%, Public Works increased by \$1.7 million, or 9.6%, and Library expenditures decreased by \$0.4 million, or 8.7%.

Principal payments decreased by \$3.4 million while interest payments increased by \$1.8 million mostly due to less a large pay down of the El Gabilan Library debt in the previous year.

Capital Outlay (Project) expenditures increased \$18.9 million or 177.0% from \$10.7 million in FY 2019-20 to \$29.5 million in FY 2020-21. During the year, there were 185 capital projects worked on. The largest project was the Vibrancy Plan Infrastructure project with \$7.8 million spent in 2021. The second largest project was \$7.2 million spent on the Downtown Complete Streets. The third and fourth largest projects were \$2.7 and \$2.2 million on the East Alvin/Linwood/Maryal Routes and the East Laurel Dr. Sidewalk and Lights 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 Municipal Golf Courses (Fairways and Twin Creeks), the Storm Sewer System, the Sanitary Sewer System, the Hitchcock Road Water Utility, the Parking District, Permit Services and the Landfill Garbage Surcharge Fund (which is used to account for the proceeds of the installment sale of the Crazy Horse Landfill to the Salinas Valley Solid Waste Authority).

The Enterprise Fund's net position totaled \$84.9 million at June 30, 2021.

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, 2021, the Internal Service Funds liabilities for estimated claims payable totaled \$28.0 million, with \$24.9 million representing Workers' Compensation and \$3.1 million representing General Liability.

Total Workers' Compensation insurance claims liabilities are \$26.7 million at June 30, 2021. A portion of the liability is reported in the Internal Service Fund (\$24.9 million) and a portion is treated as long-term debt (\$1.8 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 \$0.6 million from the prior year. Of the net position, \$0.1 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 \$18.5 million are employee deferred compensation funds and amounts with New York Life Single Employer Defined Benefit Plan.

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 \$0.2 million.

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 majority of City funds (68.9% of investment at FMV) are invested in the State's Local Agency Investment Fund (LAIF). LAIF yielded average returns of 0.5% for fiscal year ended June 30, 2021 and decreased from 1.22% to 0.26% during the fiscal year.

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.

The City's investment in the State Local Agency Investment Fund at June 30, 2021 is as follows:

Balance at cost - June 30, 2021	\$ 149,140,484
Unrealized gain	<u>730,370</u>
Balance at fair value - June 30, 2021	<u><u>\$ 149,870,854</u></u>

Please refer to Note 4 for a complete discussion of the City's Cash and Investments.

Property Assessment

Assessed valuation of citywide taxable properties increased \$555.4 million to \$12,636 million representing an increase of 4.6% over FY 2019-20.

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

<u>Fiscal year</u>	<u>Before Redevelopment Increment</u>	<u>After Redevelopment Increment</u>	<u>Percent Change</u>
2020-21	\$ 12,636,068,210	\$ 11,642,994,299	4.60%
2019-20	12,080,694,193	11,149,838,970	5.41%
2018-19	11,460,172,316	10,577,591,282	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 four strategic goals, which guide the initiatives and activities of each City department. The following is a list of accomplishments during the year for each of the four strategic 2020-2023 goals adopted in January 2020:

❖ Investment Strategies / Risk Management

City Attorney's Department

- Workers Compensation. Continued management of the City's Workers Compensation program with resolution of cases through compromise and release in order to bring down the City's long-term liability.
 - ✓ Continued to identify workers compensation cases which are eligible for early resolution; brought forward cases to the City Council for completion to reduce the City's overall long-term exposure.
 - ✓ Identified employees who were eligible for return-to-work for industrial and non-industrial injuries.

Community Development Department

- Entitled the Central Area Specific Plan and certified the Final Environmental Impact Report to allow approximately 4,000 units and 200,000 square feet of mixed-use commercial, as well as schools, parks and open space in the North of Boronda Future Growth Area.
- Completed construction of the Sprung structure at the Chinatown Navigation Center to expand availability of emergency shelter beds under a "housing first" best practices model.
- Successfully partnered with Step Up and Shangri-La to secure Homekey funding to purchase the former Good Nite Inn and provide 101 permanent supportive housing units at 545 Work Street.
- Partnered and collaborated with the County of Monterey and Coalition of Homeless Services Providers to complete construction and fund operations of the new SHARE Center at 845 E. Laurel Drive.
- Added 107 new affordable housing units, surpassing the FY 20-21 projected goal (20) by 535%.
- Facilitated processing of new housing development applications: 37 single family dwellings (SFD) at 11 Hill Circle and 67 SFD at Monte Bella, and 18 units of multi-family housing at 229 Pajaro Street.
- Adopted the Interim Vehicle Miles Traveled Policy as the basis in determining transportation impacts.
- Launched the General Plan Update – Visión Salinas 2040, including development of a community engagement framework, internal and external advisory committees, and selection of key consultants.

- Established a Small Business Economic Taskforce to assist businesses impacted by the pandemic, hired a Small Business Navigator, and launched a small business website and hotline number to help businesses access technical assistance resources and grants and loans.
- Secured a fourth year AmeriCorps VISTA grant and successfully filled all five VISTA positions.
- Conducted homeless outreach and provided food assistance, sanitation, hygiene items, and housing resources; Assisted the Salinas Police and Public Works Departments during clean-up efforts.
- Facilitated Accessory Dwelling Units (ADU) by establishing ADU hotline (123 inquiries), webpage, and creating a process for delay of enforcement and proof of construction for garage conversions.

Library and Community Services Department

- Develop and maintain reopening/ongoing operating standards for our libraries and recreation centers that mitigate the risk posed by the ongoing COVID-19 pandemic.
- Monitor and implement guidance outlined in the State of California Blueprint for a Safer Economy.
- Acquired a new, state-of-the-art, and grant-funded bookmobile to improve library outreach and remote programming. This includes further augmenting the Kinder mobile program which reaches every kindergarten classroom in Salinas.

Police Department

- Fully occupied the new Police Service of Salinas building at 312 E. Alisal Street which emphasized a community-based design and incorporated positive, community-based features such as the community meeting space.
- Consolidated vehicle maintenance services in partnership with Public Works Fleet Services. Consolidated services have reduced outside vehicle maintenance costs, improved vehicle efficiency via reduced down-times, and improved vehicle maintenance and safety.

Public Works Department

- Downtown Vibrancy Plan Implementation:
 - ✓ Complete construction of Main Street for 100, 200 and 300 block.
 - ✓ Complete construction of Downtown Complete streets, on West Alisal from Front Street to Blanco Road.
- Support development of Salinas Travel Center project, Airport Lease Project, Unikool (John Street) project and Sywest Project.
- Complete the Mitigated Negative Declaration for Boronda Road Congestion Relief Project (future growth area).
- Complete 75% design for Boronda Road and Mc Kinnon roundabout.

- Submit 90% plans of Williams Road to PG&E for the kickoff of the Utility Undergrounding design project.
- Technical Support for the West Area and Central Area Specific Plans approval process.
- Provide engineering and street maintenance support for various City special events.
- Complete construction for Sanitary and Storm line installation for Lincoln Ave Extension into the Train Station.
- Completed 90% Design for the Williams Road Improvements.
- Continuing work to develop sustainable parking enterprises which help support the city's economic sectors.
- Project closeout for the Sanborn/Elvee/HWY 101.
- Completed the fiberoptic backbone for the Downtown Fiber Optic Network plan.
- Complete Installation of new metal roof at Fire Station no. 1.
- Support regional plan to extend commuter rail service to Salinas that will provide access to jobs in the Bay Area and Silicon Valley.
- Development complete streets, multi-modal corridors, and a sustainable transportation to support responsible future growth area and mitigate vehicle miles travelled (VMT).
- Supported the Airport Lease Project MND and began coordination with Caltrans as part of mitigation program to improve Airport Blvd/US 101 Ramps.
- Traffic Calming Improvements at Chaparral Street, Cherokee Street, Nacional Street, First Avenue, and Kittery/Snug Harbor neighborhoods.
- Complete design of restroom remodel at Natividad Creek Park.
- Complete design of tennis court improvements at Central Park.
- Begin construction of Tennis courts improvements at Claremont Park.

❖ **New Revenue**

City Attorney's Department

- Supported/Worked on Future Growth Area Project. Worked with Community Development staff to complete and bring forward the Central Area Specific Plan for approval and certification of the EIR. Will defend the litigation brought against the City under CEQA so the project may move forward.
- Supported Efforts to Fund Storm Water Program and Additional Taxes and Fees. Advised on and supported efforts to establish new and additional fees and taxes the fund the City's stormwater management program and maintenance of City parks and recreation facilities.

Community Development Department

- Secured \$4,950,000 grant to provide State and Federal Emergency Rental Assistance Funding to City residents negatively impacted by COVID-19.
- Received \$12,814,428 in additional State and Federal funding to prevent, prepare and respond to the COVID-19 pandemic.

- Obtained \$1,006,847 in new funding from State Permanent Local Housing Allocation to fund additional affordable senior housing units.
- Secured \$1,280,000 in state grants to fund environmental and technical studies to prepare the General Plan Update including the Climate Action Plan, Environmental Impact Report, and Traffic and Transportation Analysis.
- Facilitated permitting of cannabis businesses that provided \$1.8 million in tax revenue last year.
- Responded to 607 hotline calls and connected businesses and entrepreneurs to COVID response and recovery resources.
- Awarded \$600,000 to 44 businesses through the Grow Salinas Small Business Support Program; Assisted 41 businesses in applying for the CA Relief Grant with 19 awards totaling \$90,000 to date.
- Conducted 30 Census outreach events (a total of 110 through the entire Census process) and coordinated the monthly meetings of the Census Salinas Action Team.
- Opened 117 weed abatement cases, but through proactive communication, notices and citations, only one (1) property was abated and \$5,855 in citations collected.

Fire Department

- Grants- The City completed and closed the Staffing for Adequate Fire and Emergency Response (SAFER) grant with a total value of \$1,399,409. This grant funded six firefighter positions for three years starting February 2018 and ending in February 2021. Personnel savings to the city after matching funds are contributed is \$1,066,918. The six firefighters funded by the grant continue to be part of daily staffing. The department has submitted for additional funding for Fiscal Year 2021-2022.
- Assistance to Firefighters Grant (AFG) - The fire department's 3 AFG funded paramedics are now working on the streets of Salinas and are credited with six (6) field saves since becoming accredited. The three firefighters recognized by the Federal Emergency Management Agency (FEMA) as a highlight to this new nationwide program. Based on the success of this endeavor the department submitted for additional funding for Fiscal Year 2021-2022.

Library and Community Services Department

- Submitted two applications for Prop 68 funding. One for \$8 Million Dollars to build a new Hebron Family Center and one for \$6.8 Million Dollars to renovate Closter Park.
- Awarded a \$1.5 Million Dollar California Violence Prevention grant to fund job training and mentorship programs for violence and systems impacted youth in Salinas.
- Earned an additional \$60,000 grant from the California Endowment to further the advancement of Governing for Race Equity work over three years for the City of Salinas. This is an addition to the \$120,000 awarded in FY 19-20 for a total of \$180,000.

Police Department

- Continued to secure new grants and supplemental funding to support police operations and expand services to the community.

❖ **Operational Efficiencies**

Administration Department

- Continued dialogue with City leaders, site selectors and major business corporations in preparation and planning for future Forbes AgTech Summit.
- Continued Council and community engagement regarding City services, fiscal management, and completion of the strategic plan objectives.
- Continue to work with local service providers and County officials to mitigate homeless encampments, construction of a permanent shelter, and solidify housing and commercial development in the Chinatown area other identified areas city-wide.
- Continued oversight and implementation of the Housing Element, Downtown Vibrancy, Chinatown Vibrancy, the Alisal Vibrancy, Parks, Recreation and Libraries Master Plan and the General Plan.
- Continues to lead the efforts between the City and County consolidated services.
- Participating in multijurisdictional efforts toward the development of clean energy.
- Ongoing management of the City Council, Measure E, and Measure G Oversight Committees.
- Ongoing management and implement of records and contact management systems.
- Continues to process Republic Services low-income senior discounts.

City Attorney's Department

- Municipal Code Update. Continued work on a comprehensive update to the Municipal Code to identify and to update self-imposed regulations that hinder operational efficiencies.
- Employee Relations. Continued working with other City departments to resolve labor relations matters. Assisted with labor negotiations. Defended PERB unfair practice charges and any litigation. Responded to request for information. Directed investigations and advised re grievances and meet/confer matters.
- Personnel Policies. Ensured legal compliance with employment laws to prevent liability: continue work on personnel policy updates; assisted with review and revision of department policies; continued to advise on employment situations; investigated employee complaints.
- Civil Litigation. Continued to handle the majority of civil litigation in-house, at less expense to the City. Included are at least two employment related litigation matters which were handled in-house and resolved with a minimum of cost to the City.

- Insurance Joint Powers Agency. Continued participation in the ACCEL joint powers authority; improved the City's insurance coverages with better policies.
- Workers Compensation. Continued management of the City's Workers Compensation program with resolution of cases through compromise and release in order to bring down the City's long-term liability.

Community Development Department

- Shifted permitting to digital platform and managed to maintain output despite staffing losses due to the pandemic:
 - ✓ Issued 2,464 permits with a valuation nearly \$51,000,000.
 - ✓ Completed 855 planning reviews, 93% on time, and 1,864 building plan reviews with an average review time of 12 days.
 - ✓ Completed 13,837 building inspections, of which approximately 95% were conducted on time.
 - ✓ Responded to 4,459 calls for planning and 15,255 calls for permitting.
- Offered virtual customer meetings through the Development Review Committee to facilitate continued economic development and promote enhanced communication.
- Created a dedicated email for planning inquiries resulting in 1,620 responses.
- Established a fast track permitting process to facilitate 69 legal outdoor business operations in accordance with state and local guidelines and dedicated one full-time staff to ensure expediency.
- Piloted a virtual inspection process for building inspections.
- Coordinated compliance inspections between Code Enforcement and Fire Prevention to provide the best customer service possible and limit the number of onsite inspections.
- Increased weekend and evening COVID-19 enforcement in 2021, resulting in \$7,750 in citations.
- Funded the expansion of Downtown Streets Team to a second team focused on encampment cleanups and homeless services in Cesar Chavez and Natividad Creek Parks.
- Hired an additional Limited Term Community Development Analyst to support and expand Fair Housing and Homeless Preservation initiatives and services.
- Processed a 400% increase in grant applications through the RFP process and a 1,000% increase in the processing of payments and reports from subcontracted service providers.
- Hired two Management Analysts to provide administrative, financial and grant management and compliance support in September 2020 in an effort to improve organizational efficiency.

Finance Department

- Strategically and collaboratively worked with departments and City Manager to balance the FY 2020-21-year budget.
- Coordinated Monte Bella CFD Financing for Phase III.

- Refinanced \$14.6 million of Sewer Revenue Bonds achieving a reduced interest rate from 4.15% to 2.92% and \$2 million in total savings.
- Issued \$31.3 million in 2020A-1, A-2, and B-1 Series bonds to refund the remaining bonds that needed refinancing, achieving 1.75% all-in true interest cost, affirmed rating of AA- and total savings of \$1.5 million.
- Supported SPOA labor negotiations with financial costing and fiscal updates.
- Upgraded Wi-Fi across City locations.
- Improved internal training and educational opportunities for all IT staff while beginning the Technology Master Plan.
- Migrate from Citrix VDI to Horizon VDI and improve data center technology for a better, more reliable Windows 10 experiences for users - began to develop refined training strategies for Windows 10 and Cybersecurity education.
- Continue to manage, facilitate and support the Measure E and G Committee and the Finance Committee.
- Completed the annual financial statements and audit with a clean audit opinion.

Human Resources Department

- Human Resources Division conducted approximately 60 recruitments and processed over 1300 applications. Staff conducted over 60 new employee intakes for regular and temporary hires.
- Human Resources continues to meet biweekly with the Police Department to discuss/implement recruitment strategies and processing of sworn and non-sworn public safety positions.
- Human Resources issued City Guidelines related to COVID-19 in accordance with County, State, and CDC guidelines. Administered Families First Coronavirus Response Act leave benefits; Coordinated COVID-19 testing; Procured PPE for Departments Citywide.
- Human Resources assumed payroll administration for Police Service, approximately 200 positions, to include preparation of Personnel Action Forms, Certification Reimbursements, and Performance Evaluation Tracking. Processed employee payroll time entry for approximately 300 positions to include Police, Fire, and Administration.
- Human Resources actively participated in labor negotiations with various bargaining units and participated in monthly labor managements meetings with various units.
- Participated and coordinated interactive process meetings/accommodation for personnel.
- Worked directly with Directors, Managers, Supervisors to address personnel performance.
- Coordinated job protected leave to include implementation of the federal Families First Coronavirus Response Act which included processing of 152 leave requests.
- Coordinated SB1343 Sexual Harassment Prevention Training for all non-supervisory staff.
- Coordinated Mandated Reporter training for all mandated reporter classifications.

- Completed Department of Justice Live Scan site approval in order to allow Human Resources to Live Scan City employment candidates and City volunteers.
- Human Resources continues to participate on the Blue Zones Project Worksite Committee in order to achieve “approved” Blue Zone Project Worksite designation. This remains work in progress.

Library and Community Services Department

- Provided community service opportunities for youth and adults to strengthen skill development and workforce readiness. Residents performed nearly 1,500 volunteer service hours.
- Conducted 4 community clean ups at the Madison Lane Transfer Station adapting to COVID-19 restrictions.
- Improved virtual communication with residents by launching Recreation & Park social media channels on Facebook, YouTube, and Instagram, resulting in a combined 1,500 followers and subscribers, and have made hundreds of engaging posts.
- Created and published over 150 videos of virtual recreation programs on YouTube to continue to engage residents and youth.
- Created and distributed 4,900 take home recreation kits (5 different activities per kit) with a total of 24,000 activities for youth ages 4-12.
- Provided virtual and remote adult learner instruction to 440 students and over 12,000 hours of attendance (including computer literacy, basic literacy, or high school equivalency).
- Distributed over 1,200 preschool take-home activity kits aimed at increasing Kindergarten readiness. These kits were complimented with over 200 minutes of follow-along video instruction for parents and youth. Additionally, other ongoing story time and early literacy virtual programs reached nearly 130 parents and children on a weekly basis.
- Distributed over 7,000 fun, interactive, and engaging STEAM take-home activity kits to children, teens, and adults. A majority of the kits were complimented with on-demand or live video instruction created by library staff and/or community partners.
- Partnered with small business and workforce development organizations such as Small Business Development Center to offer a series of workshops and information sessions for Salinas small business owners, entrepreneurs, and residents impacted by COVID-19 closures.
- Expanded SMART Card program to all Salinas City Elementary School District students, which allow instant access to library digital resources to more than 8000 students, using their student identification.
- The library expanded its digital library services to include virtual programming and more accessible digital resources such as adding Encyclopedia Britannica, ProQuest Research Databases, and Teaching Books to the digital library to support students and teachers in virtual classrooms, as well as Job Now & Vet Now digital platform to assist job seekers and veterans in the community.

- Completed a Department re-organization that realigned recreation services and incorporated the park maintenance function into the Recreation-Park Division.
- Innovated implementation of digital library and curbside services for continued library services to the community, including issuing more than 2000 digital library cards and providing more than 3000 additional digital books, during COVID-19 closure.
- Expanded self-service options, which includes self-check-out, e-commerce payment system, and self-service holds pickup at all locations. Implementation of new self-return system for the new El Gabilan Library. Virtual and curbside services to continue services to the community.
- Collaborated with the Monterey County Elections to allow library book return box to serve as secure election ballot return boxes in East Salinas area. This effort resulted in the increase of civic participation and more than 2900 ballots returned through the library.
- Increased community engagement through various social media platforms (YouTube, Facebook, Instagram) by an average of 25% across platforms, including creating more than 180 recorded videos with more than 42,000 total views.

Police Department

- Worked collaboratively with Code Enforcement and the City Attorney's Office to address quality of life issues.
- Completed a workload analysis and implemented a new Patrol Schedule with the goal of increasing efficiency and decreasing response times.

Public Works Department

- Developing Sustainable Citywide Parking Management Program:
 - ✓ Created Parking Enterprises to better manage parking programs.
 - ✓ 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.
 - ✓ Adjusted rates in the Downtown Parking District for the first time in a decade to reduce dependence of the enterprise on the City General Fund. Although suspended temporarily during the pandemic, staff developed recommendations to ensure sustainable pricing for implementation in future years.
- 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.
- Implemented innovative and emerging technology solutions to increase efficiency and effectiveness of City services.
- Plan of EV stations transformer for the ITC center.
- Embarked upon the development of a Community-Based Public/Private Partnership (P3) process to potentially fund green infrastructure projects throughout the City.

- Developing Proposition 26 fees to fund the costs of NPDES inspection and plan review activities.
- Continuing Implementation of the City Traffic Fee Ordinance.
- Secured grant funds for the Boronda Road Congestion Relief Project, Pedestrian Crossing Enhancements Project, and the Sherwood/Front St Adaptive Traffic Signal System Project.
- Completed Mitigated Negative Declaration for Boronda Road Improvements which provides increase capacity to four lanes and 5 new roundabouts at key intersections.
- Begin construction of 2021 Chip Seal project City Wide.
- Complete 80% design of San Juan Grade Road rehabilitation.
- Continuing Development of City's Active Transportation Plan.
- Continue identifying funding for improvements for implementation of the East Alisal Corridor Plan.
- Secured grant funding to stretch transportation dollars.
- Hired consultant to update City Standard Plans and Specifications.
- Updated Pavement Management System for future road maintenance.
- Applied for HSIP Grants to fund a part of Williams Road Improvements.
- Refreshed over 17,000 linear feet of crosswalks.
- Complete Design of 2021 Slurry Seal Project City Wide.
- Complete Design of Montebella Subdivision Slurry Seal project.
- Complete installation of traffic signal at North Main Street and Navajo.
- Complete Design of traffic signal at Alisal Street and Murphy Street.
- Secured funding for pedestrian safety enhancements throughout the City.
- Secured funding for development of Vision Zero Plan to reduce severe injuries and fatalities on city streets.

❖ **Public Safety**

City Attorney's Department

- City/County GSA MOU Update. Worked with Community Development staff to begin updating the GSA MOU to allow for development on the north boundary of the City's limits.

Community Development Department

- Promoted mask guidelines, business education and safe operation protocols through focused outreach.
- Initiated 4 receivership cases to correct issues deemed hazardous and allow for cost recovery.

Fire Department

- Recruitment and Hiring - The Fire Department successfully hired and completed an academy of lateral firefighter transfers from neighboring fire departments. This effort prevented layoffs of local firefighters from neighboring agencies and resulted in a streamlined recruitment and training process. Based on the success of this endeavor we are currently hiring additional personnel using this process.
- We are forging partnerships with the South Bay Regional Training Consortium, Hartnell College, and the Mission Trails Regional Occupational Program (ROP) to attract and train local youth for a career of service with the City of Salinas. This will also reduce fiscal impacts as highlighted in the Salinas Plan.
- 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. The division engaged the services of a local physician medical director to provide overall program guidance and quality assurance.
- Promotional Exams –The Fire Department has completed numerous internal promotions to fill vacancies in various ranks, including Fire Chief, Deputy Fire Chief, Battalion Chief, Fire Captain, and Fire Engineer. Additionally, the Fire Department’s Administrative Division successfully hired a Management Analyst.
- Fire Prevention Division – The division was able to maintain 2 of 3 full-time Fire Inspector positions and is currently recruiting to fill vacancies. The division successfully reclassified an Office Technician to Administrative Analyst with an internal promotion and is moving forward with re-classification/re-organization plans for inspection personnel to further improve the efficiency and accountability of inspections and help with recruitment and retention of staff. The division successfully deployed a software solution to streamline the inspection process to help assure ongoing compliance and improve customer service.
- Wellness/Safety – The Department begun addressing significant issues of deferred maintenance at various City fire stations and has taken several measures to reduce COVID related exposures to staff and the public. Fire department fitness equipment that had surpassed its useable lifespan was replaced in all fire stations to promote the health and wellness of our firefighters.

Library and Community Services Department

- Continue to convene the Community Alliance for Safety and Peace virtually, improving meeting attendance to an average of 50 participants.
- Provided over 7,400 meals to youth and seniors at four locations through the Summer Lunch/Snack Program and the Firehouse Senior Program.
- Provided over 9,000 households with Emergency Food Assistance at three recreation centers.
- Partnered with Monterey County to allow Sherwood Hall to be used as an alternative housing site for patients who needed to isolate/quarantine as a result of COVID-19.

- The partnership with Monterey County was further expanded to house evacuees who were displaced by the Salinas River Fire and provided a location for a drive thru COVID-19 testing site at Sherwood Hall.
- Partnered with Monterey County to allow the Cesar Chavez Library to be used as a COVID-19 testing site to help support community health and safety measures.
- Adapted the Healthy Living Series for Spanish speaking adults at the Bread Box Recreation Center to a weekly virtual format serving 14 residents. Topics included yoga, healthy cooking and dance instruction.
- Started hotspot lending program with 50 loanable devices to alleviate digital divide in the community. This program also addressed community safety due to unsafe situations that were being created for students looking for broadband connection in public spaces for their online learning.
- Engaged over 550 children and adults who took part in the Summer Reading Challenge and hosted over 700 participants through live, virtual Summer Learning programs. Additionally, over 800 take-home activity kits were distributed during the summer months.

Police Department

- Fully implemented the multi-year Victim Advocate Grant to enhance a victim-centered approach within the department and provide increased services to victims and their families.
- Maintained the Red-Light Camera Program at designated locations to address traffic safety issues and focus on the reduction of collisions and pedestrian fatalities.
- Evaluated and implemented 97% the Department of Justice's Collaborative Reform Initiative recommendations.
- Continued to implement and expand the community policing concept to increase communication and transparency with the community.

Public Works Department

- Continuing work with Monterey County Health Department, TAMC, and Blue Zones to develop Traffic Safety education programs.
- Continued homeless encampment cleanups, and responded to health concerns related to the spread of Hepatitis A.
- Continued the re-forestation program following the storms of 2017.
- Begin construction of East Laurel Drive Pedestrian Improvements and Street Lighting.
- Completed construction of Old Muni Pool phase 1, 2 and 3.
- Begin construction of the Bardin Road Safe Routes to School Improvements.
- Completed construction of the Alvin Drive Safe Routes to School Project.
- 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.

- Completed Council approved Traffic Calming Projects at First Avenue, Kittery/Snug Harbor, and Nacional Street.
- 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.
- Completed Phase 1 of Safe Routes to School Plan with the Transportation Agency for Monterey County, Monterey County Health Department engaging schools in the Santa Rita elementary and Salinas Elementary school districts. Began Phase 2 focusing on engagement of schools in the Alisal Elementary and Salinas Union High School District. Plan with recommendations to be completed in 2022.
- 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.

Labor Relations

The City is currently in labor negotiations with the Police Manager’s Association (PMA). PMA’s MOU expired December 31, 2021. All other units have approved MOUs or Compensation Plans. The Salinas Police Officers Association (SPOA) reached an agreement in March 2021. The Confidential Units and Fire Units MOUs expire in December 2022. All other united expire mid to late 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 Department of Finance. In particular, I would like to acknowledge and give a very special thanks to Assistant Finance Director Mary Lagasca and Accounting Manager, Juan Hernandez, who both are dedicated to the sound fiscal management of the City. I also would like to express my appreciation to our professional senior accountant: Alma Gonzalez-Delgado, and our Financial Management Analyst, Abe Pedroza. 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, McGilloway, Ray, Brown & Kaufman, Accountants & Consultants, for their diligence, cooperation and assistance.

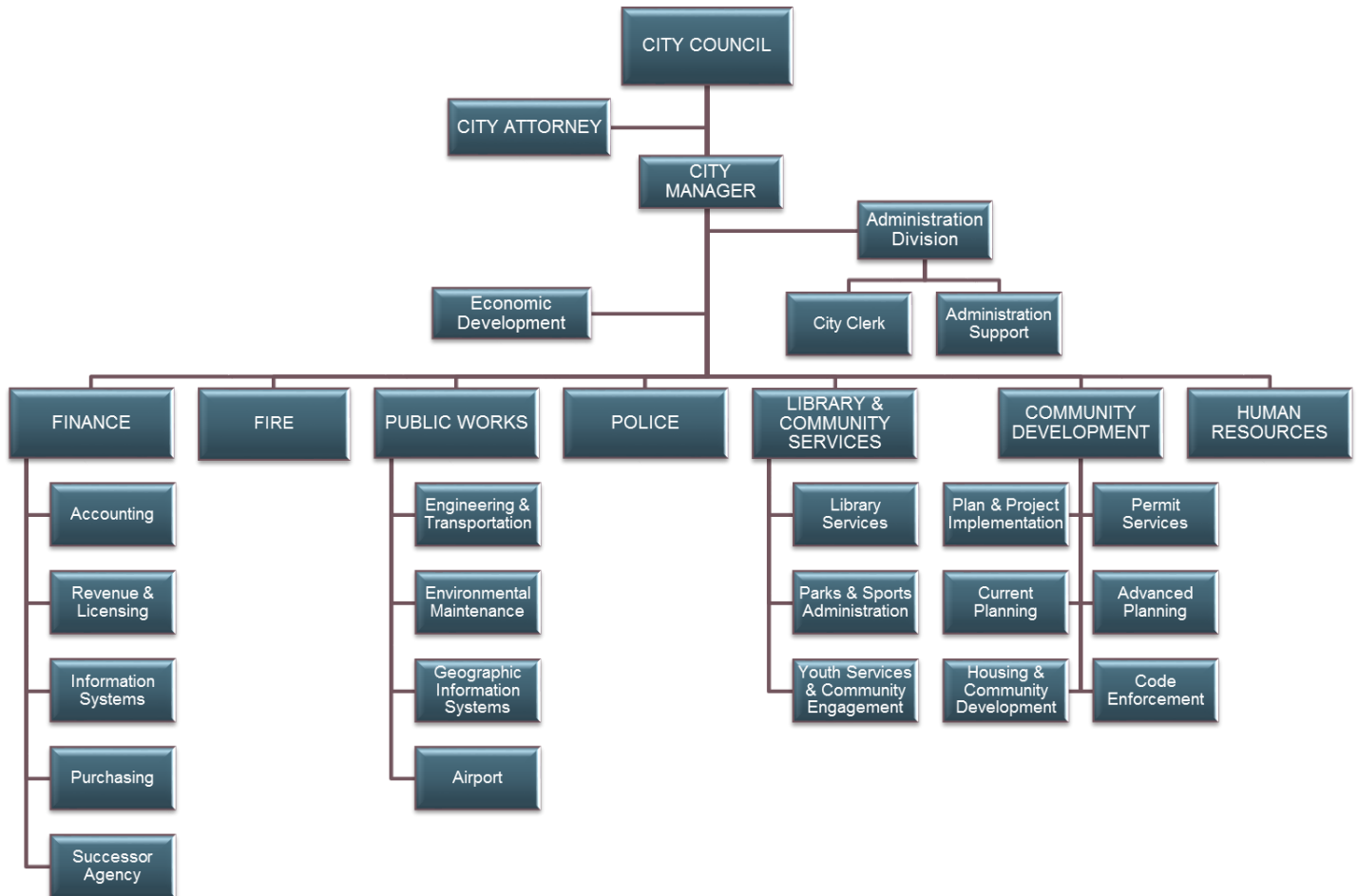
Sincere appreciation is also expressed to the City Manager and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible, sustainable and progressive manner.

Respectfully submitted,



Mark Roberts
Director of Finance

City of Salinas Organization Chart



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

Director of Finance

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

Michele Vaughn

Fire Chief



2511 Garden Road
Suite A180
Monterey, CA 93940
831-373-3337
Fax 831-373-3437

379 West Market Street
Salinas, CA 93901
831-424-2737
Fax 831-424-7936

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 City of Salinas, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Gerald Ray, CPA | Patricia Kaufman, CPA, CGMA | Smriti Shrestha, CPA

Daniel McGilloway Jr, CPA | Sarita Shannon, CPA | Sukhdev Singh, CPA | Whitney Ernest, CPA |
Laura Armbruster, CPA | Rose Maxwell, CPA | Eleonora Garra, CPA

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, claims development for internal services funds, employee retirement pension benefits information, and other postemployment benefits information (collectively, the required supplementary information), as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and the General, Measure E & Measure G Funds combining statements, as listed in the table of content, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor funds and the General, Measure E & Measure G Funds combining statements are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor fund and the General, Measure

E & Measure G Funds combining statements financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2022, 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 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 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 City of Salinas, California’s internal control over financial reporting and compliance.



McGilloway, Ray, Brown & Kaufman
Salinas, California
May 10, 2022



This page is intentionally left blank.

CITY OF SALINAS
Management's Discussion and Analysis
Fiscal Year ended June 30, 2021

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, 2021. 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, 2021, the City's net position (excess of assets over liabilities) was \$201.1 million. Of this amount, \$245.2 million are invested in capital assets and \$80.7 million are restricted assets, which is offset by a deficit of \$124.8 million classified as unrestricted assets.
- During the fiscal year ended June 30, 2021, the City's total net position increased by \$15.3 million. Mainly, this change resulted from increased sales tax and transient occupancy tax.
- During the fiscal year, fund balances decreased \$5.4 million to \$138.4 million for governmental funds, of which \$109.3 million is either nonspendable, restricted, committed, or assigned and thus unavailable.
- During the fiscal year the General Fund, Measure E, and Measure G fund balance increased \$9.1 million to \$64.5 million of which \$34.5 million is either nonspendable, restricted, committed, or assigned. Unassigned General Fund, Measure E & Measure G fund balance was \$30.0 million.
- The City's total liabilities increased by \$37.4 million during the current fiscal year. Governmental Activities increased by \$42.0 million, and Business-type Activities decreased by \$4.6 million. The long-term debt decreased \$3.1 million as a result of annual debt service payments and the refinancing of Certificates of Participation and Sewer Revenue Bonds. The Net Pension Liability increased \$4.9 million and the Net OPEB Liability increased \$5.8 million.
- The City's capital assets, net of depreciation, increased \$17.3 million to \$415.9 million.

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
Fiscal Year ended June 30, 2021

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.

CITY OF SALINAS
Management's Discussion and Analysis
Fiscal Year ended June 30, 2021

Fund Financial Statements

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

The Fund Financial Statements include statements for each of the three categories of activities – governmental, proprietary and fiduciary. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary funds are agency funds, pension trust 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.

CITY OF SALINAS
Management's Discussion and Analysis
Fiscal Year ended June 30, 2021

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

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Statement of Net Position

Net position is a good indicator of the City's financial position. During this fiscal year, the net position of the City increased \$15.3 million (8.2%) over the prior year from \$185.8 to \$201.1 million.

At June 30, 2021, the largest portion of net position (122%) 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
Fiscal Year ended June 30, 2021

The following is the Condensed Statement of Net Position for the fiscal years ended June 30, 2021 and 2020:

City of Salinas
Condensed Statements of Net Position
June 30, 2021

	Governmental Activities		Business-type Activities		Total		Percent of Total
	2021	2020	2021	2020	2021	2020	
Assets:							
Current assets	\$ 196,759,576	\$ 167,074,197	\$ 12,424,184	\$ 14,167,788	\$ 209,183,760	\$ 181,241,985	31.9 %
Other assets	31,380,413	27,927,666	139,120	2,069,306	31,519,533	29,996,972	4.8 %
Capital assets, net	305,549,059	284,681,958	110,385,369	113,916,612	415,934,428	398,598,570	63.3 %
Total assets	533,689,048	479,683,821	122,948,673	130,153,706	656,637,721	609,837,527	100.0 %
Deferred outflows of resources							
Related to pension and OPEB	50,927,609	50,803,788	1,414,097	1,881,948	52,341,706	52,685,736	97.6 %
Loss on refunding of debt	554,334	238,177	722,009	229,271	1,276,343	467,448	2.4 %
Total deferred outflows of resources	51,481,943	51,041,965	2,136,106	2,111,219	53,618,049	53,153,184	100.0 %
Liabilities:							
Current liabilities	13,779,497	9,931,570	1,024,177	2,871,844	14,803,674	12,803,414	3.0 %
Other liabilities	34,814,156	6,987,464	-	-	34,814,156	6,987,464	7.0 %
LTD - due in one year	10,022,245	9,636,252	2,270,794	2,157,635	12,293,039	11,793,887	2.5 %
Long-term liabilities	400,600,059	390,667,048	36,604,855	39,439,888	437,204,914	430,106,936	87.6 %
Total liabilities	459,215,957	417,222,334	39,899,826	44,469,367	499,115,783	461,691,701	100.0 %
Deferred inflows of resources							
Related to pension and OPEB	9,688,905	15,029,697	314,451	450,762	10,003,356	15,480,459	99.9 %
Gain on refunding of debt	13,862	17,256	-	-	13,862	17,256	0.1 %
Total deferred inflows of resources	9,702,767	15,046,953	314,451	450,762	10,017,218	15,497,715	100.0 %
Net Position:							
Net investment in Capital Assets	167,726,772	143,281,912	77,467,957	76,397,363	245,194,729	219,679,275	122.0 %
Restricted	80,741,294	89,496,097	6,807	1,949,081	80,748,101	91,445,178	40.1 %
Unrestricted	(132,215,799)	(134,321,510)	7,395,738	8,998,352	(124,820,061)	(125,323,158)	(62.1)%
Total Net Position	\$ 116,252,267	\$ 98,456,499	\$ 84,870,502	\$ 87,344,796	\$ 201,122,769	\$ 185,801,295	100.0 %

CITY OF SALINAS
Management's Discussion and Analysis
Fiscal Year ended June 30, 2021

Statement of Activities

The following is the Condensed Statement of Activities and Changes in Net Position for the fiscal years ended June 30, 2021 and 2020:

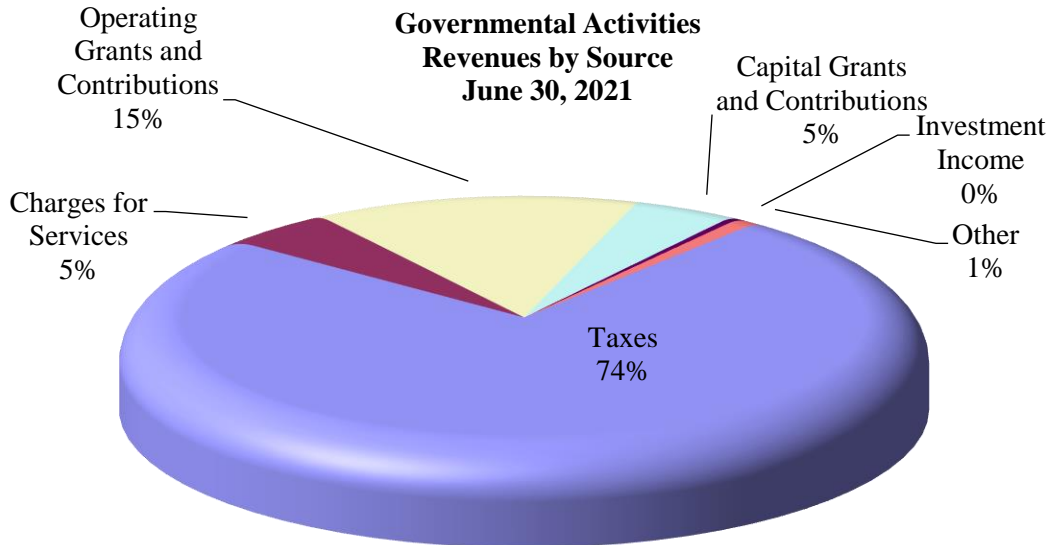
City of Salinas						
Condensed Statement of Activities and Changes in Net Position						
For the Fiscal Year Ended June 30, 2021						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 9,531,993	\$ 8,234,855	\$ 12,364,295	\$ 12,407,425	\$ 21,896,288	\$ 20,642,280
Operating Grants & Contributions	28,601,755	18,378,134	901	740	28,602,656	18,378,874
Capital Grants & Contributions	8,984,014	5,026,633	947,593	952,402	9,931,607	5,979,035
General Revenues:						
Taxes	144,501,118	133,081,125	-	-	144,501,118	133,081,125
Unrestricted Investment Earnings	777,268	2,753,098	87,962	328,265	865,230	3,081,363
Gain on Disposal of Assets	10,926	-	26,200	4,501	37,126	4,501
Housing loan repayment from/to Successor Agency		1,335	-	-	-	1,335
Miscellaneous	1,834,421	2,230,446	-	-	1,834,421	2,230,446
Total Revenues	194,241,495	169,705,626	13,426,951	13,693,333	207,668,446	183,398,959
Expenses						
General Government	32,620,008	26,385,378	2,289,202	2,189,803	34,909,210	28,575,181
Public Safety	100,731,223	103,263,005	-	-	100,731,223	103,263,005
Public Works	25,350,203	22,655,778	16,639,681	16,049,136	41,989,884	38,704,914
Recreation	4,185,382	4,669,202	496,722	387,772	4,682,104	5,056,974
Library	5,079,784	5,239,452	-	-	5,079,784	5,239,452
Interest	4,954,767	3,807,469	-	-	4,954,767	3,807,469
Total Expenses	172,921,367	166,020,284	19,425,605	18,626,711	192,346,972	184,646,995
Increase (decrease) in Net Position before Contributions and Transfers	21,320,128	3,685,342	(5,998,654)	(4,933,378)	15,321,474	(1,248,036)
Transfers	(3,524,360)	(4,063,306)	3,524,360	4,063,306	-	-
	(3,524,360)	(4,063,306)	3,524,360	4,063,306	-	-
Increase (decrease) in Net Position	17,795,768	(377,964)	(2,474,294)	(870,072)	15,321,474	(1,248,036)
Net Position - Beginning of Year	98,456,499	98,834,463	87,344,796	88,757,932	185,801,295	187,592,395
Prior Period Adjustment	-	-	-	(543,064)	-	(543,064)
Net Position - Beginning of Year as restated	98,456,499	98,834,463	87,344,796	88,214,868	185,801,295	187,049,331
Net Position - Ending	\$ 116,252,267	\$ 98,456,499	\$ 84,870,502	\$ 87,344,796	\$ 201,122,769	\$ 185,801,295

Total revenues increased from the prior year by \$24.3 million, or 13.2% and total expenses increased by \$7.7 million from prior year, or 4.2%. Further analysis is provided within the governmental and business-type activities sections.

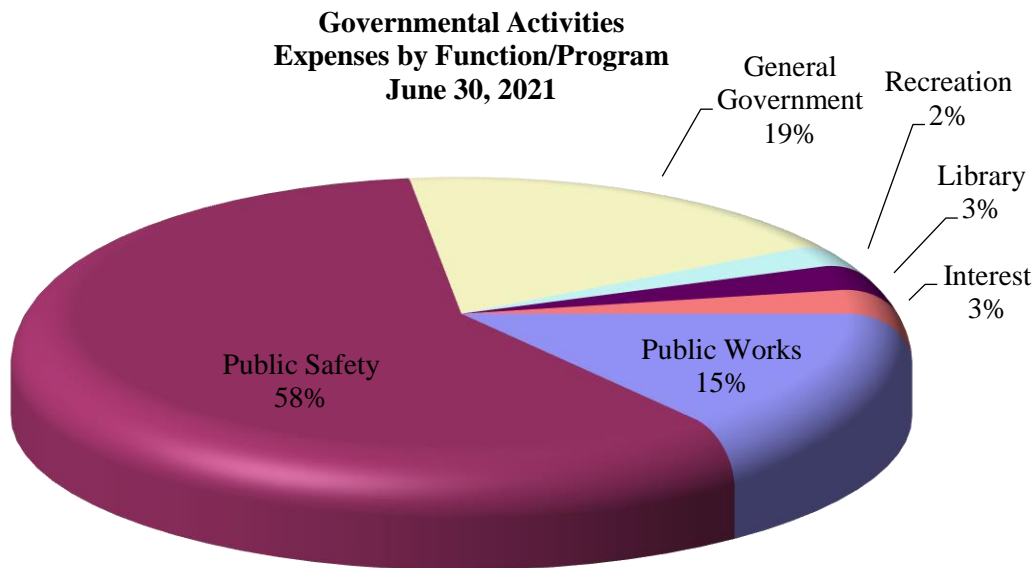
CITY OF SALINAS
 Management's Discussion and Analysis
 Fiscal Year ended June 30, 2021

Governmental Activities

Governmental activities resources total \$194.2 million. The City's governmental activities increased net position by \$17.8 million. The following charts highlight the sources of revenues and purpose of expenses:



Total expenses for governmental activities, excluding transfers and contributions, were \$172.9 million including interest on long-term debt of \$5.0 million. Total expenditures that were funded by tax revenues, investment income and other general revenues were \$125.8 million.



CITY OF SALINAS
Management's Discussion and Analysis
Fiscal Year ended June 30, 2021

Functional expenses for the year ended June 30, 2021 were as follows:

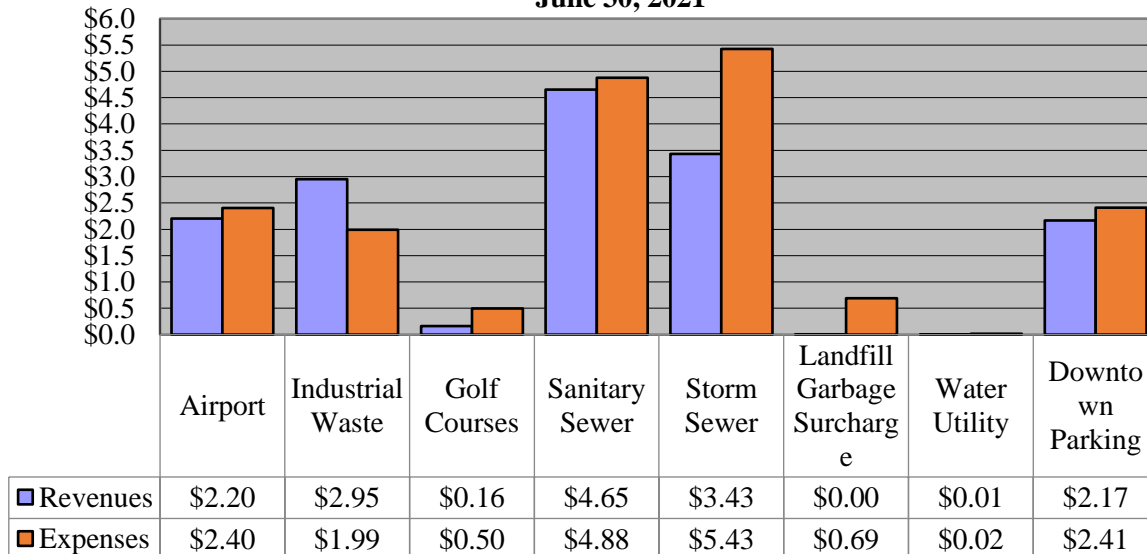
	Total Cost of		Net Cost of	
	Services	Percent	Services	Percentage
General government	\$ 32,620,008	18.9 %	\$ (6,262,338)	(5.0)%
Public safety	100,731,223	58.3 %	95,334,628	75.8 %
Public works	25,350,203	14.7 %	23,081,474	18.3 %
Recreation	4,185,382	2.4 %	3,932,796	3.1 %
Library	5,079,784	2.9 %	4,762,278	3.8 %
Interest	4,954,767	2.9 %	4,954,767	3.9 %
Total	\$ 172,921,367	100 %	\$ 125,803,605	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 \$125.8 million.

Business-Type Activities

The City's business-type activities net position was \$84.9 million, a decrease of \$2.47 million from the prior fiscal year. Total revenues for business-type activities were \$13.4 million. The largest program revenues were charges for services of \$12.4 million. Other program revenues included operating/capital grants and contributions of \$0.9 million. Total expenses for the business-type activities were \$19.4 million during FY 2020-21.

Business -Type Activities
Revenues, Expenses (in millions)
June 30, 2021



CITY OF SALINAS
Management's Discussion and Analysis
Fiscal Year ended June 30, 2021

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 \$138.4 million. Of the total fund balance, \$9.6 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, \$70.3 million was restricted fund balance and indicates the use of resources is constrained by external parties, resource providers, constitutions or enabling legislations. Fund balance of \$16.6 million was restricted for future development, \$8.2 million for maintenance districts, \$17.0 million for street repairs and improvements, \$4.8 million for debt service, \$3.5 million for grants, \$3.1 million for housing, \$15.1 for capital projects, and \$1.3 million for public safety purposes. The remainder of the restrictions are listed in the Fund Balance footnote. Committed fund balance totaled \$4.3 million and are 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. The \$4.3 million committed fund balance is committed for capital projects. Assigned fund balance totaled \$25.1 million and represents informal assignments made by the City. The remaining fund balance of \$29.1 million is unassigned and mainly includes the unassigned fund balance of the General Fund, Measure E, and Measure G Fund.

The General Fund is the chief operating fund of the City. The General, Measure E and Measure G Funds' fund balance increased by \$9.1 million in FY 2020-21 to \$64.5 million, of which \$7.1 million was nonspendable and indicates the resources are nonspendable advances and are not anticipated to be liquidated in the near-term. The \$2.3 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 \$25.1 million and has been allocated by the City Council for specific capital and operational needs. The remaining fund balance of \$30.0 million is unassigned.

Proprietary Funds

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

CITY OF SALINAS
Management's Discussion and Analysis
Fiscal Year ended June 30, 2021

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General, Measure E, and Measure G Fund revenue budget, including transfers in, totaled \$138.7 million and the expenditure budget totaled \$164.4 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 \$30.3 million, of which \$24.2 million were related to transfers for capital projects and \$6.1 million in operational changes. Estimated revenue were not adjusted upward by \$8.6 million primarily for tax revenue.

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, 2021 and 2020:

City of Salinas' Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 25,899,986	\$ 25,899,986	\$ 3,632,339	\$ 3,632,339	\$ 29,532,325	\$ 29,532,325
Buildings	46,337,340	46,337,340	27,523,054	27,523,054	73,860,394	73,860,394
Improvements	15,766,022	15,766,022	26,708,254	26,708,254	42,474,276	42,474,276
Equipment	42,133,934	40,737,724	9,332,629	8,433,051	51,466,563	49,170,775
Infrastructure	255,168,975	248,460,395	237,688,120	237,130,928	492,857,095	485,591,323
Construction in Progress	159,896,482	136,718,778	5,259,442	4,467,942	165,155,924	141,186,720
	<u>545,202,739</u>	<u>513,920,245</u>	<u>310,143,838</u>	<u>307,895,568</u>	<u>855,346,577</u>	<u>821,815,813</u>
Accumulated Depreciation	<u>(239,653,680)</u>	<u>(229,238,287)</u>	<u>(199,758,469)</u>	<u>(193,978,956)</u>	<u>(439,412,149)</u>	<u>(423,217,243)</u>
	<u>\$ 305,549,059</u>	<u>\$ 284,681,958</u>	<u>\$ 110,385,369</u>	<u>\$ 113,916,612</u>	<u>\$ 415,934,428</u>	<u>\$ 398,598,570</u>

Capital assets, including infrastructure assets of the City, are those assets which are used in the performance of the City's functions. At June 30, 2021, net capital assets of the Governmental Activities totaled \$305.5 million and the net capital assets of the Business-type Activities totaled \$110.4 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 acquired \$31.3 million of capital assets during the year. The acquisitions include \$23.2 million in construction in progress, \$6.7 million in infrastructure improvements, and \$1.4 million in machinery.

Overall, Business-type Activities had a net decline in capital assets by \$3.5 million. The City acquired \$2.8 million of capital assets during the year, however depreciation exceeded the cost of the new assets.

CITY OF SALINAS
Management's Discussion and Analysis
Fiscal Year ended June 30, 2021

Long-Term Obligations

As of June 30, 2021, the City had \$449.5 million in long-term debt.

City of Salinas' Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Annual Leave	\$ 12,375,926	\$ 11,424,225	\$ 607,904	\$ 557,043	\$ 12,983,830	\$ 11,981,268
Insurance Claims	29,813,871	28,210,396	-	-	29,813,871	28,210,396
Capital Leases	65,977,431	88,522,299	9,703,167	10,396,766	75,680,598	98,919,065
Loans and Notes	-	-	1,953,000	2,395,000	1,953,000	2,395,000
Revenue Bonds	-	-	14,425,000	15,065,000	14,425,000	15,065,000
Certificates of Participation	55,620,000	41,665,000	6,260,000	7,220,000	61,880,000	48,885,000
Assessment District Bonds	8,970,000	6,905,000	-	-	8,970,000	6,905,000
Unamortized Bond Premium	7,548,231	4,209,023	272,085	95,646	7,820,316	4,304,669
Unamortized Bond Discount	(344,239)	(357,479)	-	-	(344,239)	(357,479)
Subtotal	179,961,220	180,578,464	33,221,156	35,729,455	213,182,376	216,307,919
Net OPEB Liability	23,275,132	17,847,775	1,486,473	1,119,042	24,761,605	18,966,817
Net Pension Liability	207,385,952	201,877,061	4,168,020	4,749,026	211,553,972	206,626,087
Total outstanding debt	<u>\$ 410,622,304</u>	<u>\$ 400,303,300</u>	<u>\$ 38,875,649</u>	<u>\$ 41,597,523</u>	<u>\$ 449,497,953</u>	<u>\$ 441,900,823</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

Despite the significant drop in revenue in prior FY 2020-21; the City has taken into consideration a recovery in revenues for Property tax, sales tax, and business licenses. Overall, the FY 2021-22 budget is \$202 million showing an increase of \$13 million from prior year budget.

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
Fiscal Year ended June 30, 2021

Major Projects and Funding

On March 11, 2021, President Biden signed the American Rescue Plan Act, which provided the City with a total of \$51.6 million in relief funds. The City has received the first half of these funds, with the second half coming in May/June 2022. Additionally, the City was awarded grant funds to mitigate the negative effects of the COVID-19 Pandemic including a second phase of the Emergency Rental Assistant Program (ERAP). The purpose of this grant is to distribute funding to provide rental and utility assistance to low-income eligible households located in Monterey County that are facing housing instability because of loss or reduction in income due to the COVID-19 crisis.

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



This page is intentionally left blank.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**



This page is intentionally left blank.

CITY OF SALINAS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 171,095,305	\$ 20,452,624	\$ 191,547,929
Receivables, net of allowance			
Taxes	19,873,524	-	19,873,524
Accounts	583,716	1,492,085	2,075,801
Accrued interest	830,211	12,967	843,178
Due from outside agencies	13,081,293	-	13,081,293
Internal balances			
Due from other funds	2,548,492	(2,548,492)	-
Advances to other funds	6,985,000	(6,985,000)	-
Restricted cash and investments	1,387,761	6,807	1,394,568
Prepaid bond insurance	71,752	132,313	204,065
Assessments receivable	8,970,000	-	8,970,000
Loan receivables, net of allowance	205,382	-	205,382
Land and properties held for resale	2,507,553	-	2,507,553
Capital assets			
Land and nondepreciable assets	185,796,468	8,891,781	194,688,249
Depreciable assets, net of accumulated depreciation	119,752,591	101,493,588	221,246,179
Total assets	<u>533,689,048</u>	<u>122,948,673</u>	<u>656,637,721</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	44,999,041	1,035,467	46,034,508
Related to OPEB	5,928,568	378,630	6,307,198
Loss on refunding of debt	554,334	722,009	1,276,343
Total deferred outflows of resources	<u>51,481,943</u>	<u>2,136,106</u>	<u>53,618,049</u>
Total assets and deferred outflows	<u>585,170,991</u>	<u>125,084,779</u>	<u>710,255,770</u>
LIABILITIES			
Accounts payable	13,105,553	680,472	13,786,025
Accrued interest payable	663,088	304,160	967,248
Prepaid deposits	10,856	39,545	50,401
Unearned revenues	34,814,156	-	34,814,156
Long term liabilities			
Debt due within one year	10,022,245	2,270,794	12,293,039
Debt due in more than one year	169,938,975	30,950,362	200,889,337
Net pension liability	207,385,952	4,168,020	211,553,972
Net OPEB liability	23,275,132	1,486,473	24,761,605
Total liabilities	<u>459,215,957</u>	<u>39,899,826</u>	<u>499,115,783</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	5,311,717	34,900	5,346,617
Related to OPEB	4,377,188	279,551	4,656,739
Gain on refunding of debt	13,862	-	13,862
Total deferred inflows of resources	<u>9,702,767</u>	<u>314,451</u>	<u>10,017,218</u>
NET POSITION			
Net investment in capital assets	167,726,772	77,467,957	245,194,729
Restricted for:			
Housing	7,186,610	-	7,186,610
Capital projects	15,099,803	-	15,099,803
Highways and streets	41,854,496	-	41,854,496
Debt service	4,839,533	6,807	4,846,340
Special programs	11,760,852	-	11,760,852
Total restricted assets	<u>80,741,294</u>	<u>6,807</u>	<u>80,748,101</u>
Unrestricted net position (deficit)	<u>(132,215,799)</u>	<u>7,395,738</u>	<u>(124,820,061)</u>
Total net position	<u>\$ 116,252,267</u>	<u>\$ 84,870,502</u>	<u>\$ 201,122,769</u>

The accompanying notes are an integral part of this statement.

**CITY OF SALINAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

FUNCTION/PROGRAM ACTIVITIES	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 32,620,008	\$ 6,963,114	\$ 24,541,746	\$ 7,377,486	\$ 6,262,338	\$ -	\$ 6,262,338
Public safety	100,731,223	1,682,263	3,500,412	213,920	(95,334,628)	-	(95,334,628)
Public works	25,350,203	848,877	77,244	1,342,608	(23,081,474)	-	(23,081,474)
Recreation	4,185,382	29,537	223,049	-	(3,932,796)	-	(3,932,796)
Library	5,079,784	8,202	259,304	50,000	(4,762,278)	-	(4,762,278)
Interest on long-term debt	4,954,767	-	-	-	(4,954,767)	-	(4,954,767)
Total governmental activities	172,921,367	9,531,993	28,601,755	8,984,014	(125,803,605)	-	(125,803,605)
Business-type activities:							
Airport	2,351,123	1,745,856	901	-	-	(604,366)	(604,366)
Industrial waste	1,919,872	2,825,240	-	-	-	905,368	905,368
Municipal golf courses	496,722	160,000	-	-	-	(336,722)	(336,722)
Sanitary sewer	4,534,248	3,672,624	-	-	-	(861,624)	(861,624)
Storm sewer	5,427,135	215	-	-	-	(5,426,920)	(5,426,920)
Landfill garbage surcharge	-	-	-	-	-	-	-
Water utility	19,730	7,153	-	-	-	(12,577)	(12,577)
Downtown parking	2,387,573	1,219,706	-	947,593	-	(220,274)	(220,274)
Permit services	2,289,202	2,733,501	-	-	-	444,299	444,299
Total business-type activities	19,425,605	12,364,295	901	947,593	-	(6,112,816)	(6,112,816)
Total primary government	\$ 192,346,972	\$ 21,896,288	\$ 28,602,656	\$ 9,931,607	(125,803,605)	(6,112,816)	(131,916,421)
General revenues and transfers:							
Property taxes					33,087,471	-	33,087,471
Sales taxes					80,811,345	-	80,811,345
Utility user tax					21,229,236	-	21,229,236
Business tax					7,034,664	-	7,034,664
Transient occupancy tax					2,338,402	-	2,338,402
Unrestricted investment earnings					777,268	87,962	865,230
Miscellaneous					1,834,421	-	1,834,421
Gain on disposal of assets					10,926	26,200	37,126
Transfers					(3,524,360)	3,524,360	-
Total general revenues and transfers					143,599,373	3,638,522	147,237,895
Change in net position					17,795,768	(2,474,294)	15,321,474
Net position - beginning of year					98,456,499	87,344,796	185,801,295
Net position - end of year					\$ 116,252,267	\$ 84,870,502	\$ 201,122,769

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS



This page is intentionally left blank.

GOVERNMENTAL FUNDS

GENERAL, MEASURE E, & MEASURE G FUND

The General, Measure E, & Measure G Funds are always classified as a major fund. They account for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another fund. The General, Measure E, & Measure G Funds support essential City services such as police and fire protection, street maintenance, libraries, and parks and open space maintenance.

SPECIAL REVENUE FUNDS

Debt Service Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The following fund has been classified as a major special revenue fund:

American Rescue Plan (ARPA) – On March 11, 2021, President Biden signed the American Rescue Plan Act, which will provide the City with \$51,567,313 in relief funds. This fund accounts for the first half of the American Rescue Plan relief 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 following fund has been classified as a major debt service fund:

Assessment District Debt Service – This fund is used to accumulate monies for payment of the City's Assessment Districts Improvement Bonds. Debt service is financed with special assessments levied against property owners within the respective improvement districts.

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for major capital acquisition and construction activities. The following fund has been classified as a major capital project fund:

Special Construction Assistance – 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.



This page is intentionally left blank.

**CITY OF SALINAS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General, Measure E, & Measure G	American Rescue Plan Act (ARPA)	Assessment District Debt Service	Special Construction Assistance	Non-Major Governmental Funds	Total
ASSETS						
Cash and investments	\$ 52,626,670	\$ 25,783,657	\$ 430,977	\$ 19,343,541	\$ 56,578,844	\$ 154,763,689
Receivables, net:						
Taxes	19,528,443	-	-	-	-	19,528,443
Accounts	304,226	-	-	279,490	-	583,716
Accrued interest	73,450	-	-	-	749,270	822,720
Assessments	-	-	8,970,000	-	-	8,970,000
Due from outside agencies	75,000	-	-	5,018,032	7,988,261	13,081,293
Due from other funds	7,076,357	-	-	-	2,080,093	9,156,450
Restricted cash and investments	-	-	136,669	-	857,001	993,670
Loan receivables	-	-	-	-	205,382	205,382
Advances to other funds	6,985,000	-	-	-	-	6,985,000
Land and properties held for resale	-	-	-	-	2,507,553	2,507,553
Total assets	<u>\$ 86,669,146</u>	<u>\$ 25,783,657</u>	<u>\$ 9,537,646</u>	<u>\$ 24,641,063</u>	<u>\$ 70,966,404</u>	<u>\$ 217,597,916</u>
LIABILITIES						
Accounts payable	\$ 4,902,945	\$ -	\$ -	\$ 4,451,136	\$ 3,620,458	\$ 12,974,539
Deposits	10,856	-	-	-	-	10,856
Due to other funds	17,259,806	-	-	1,559,892	4,619,723	23,439,421
Unearned revenues	-	25,783,657	-	-	60,499	25,844,156
Total liabilities	<u>22,173,607</u>	<u>25,783,657</u>	<u>-</u>	<u>6,011,028</u>	<u>8,300,680</u>	<u>62,268,972</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - special assessments	-	-	8,970,000	-	-	8,970,000
Unavailable revenues - grants	-	-	-	4,843,789	2,197,980	7,041,769
Unavailable revenues - accrued interest	-	-	-	-	696,810	696,810
Unavailable revenues - housing loans	-	-	-	-	205,382	205,382
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>8,970,000</u>	<u>4,843,789</u>	<u>3,100,172</u>	<u>16,913,961</u>
FUND BALANCE						
Nonspendable	7,060,000	-	-	-	2,524,124	9,584,124
Restricted	-	-	567,646	13,786,246	55,919,317	70,273,209
Committed	2,345,602	-	-	-	2,000,000	4,345,602
Assigned	25,079,875	-	-	-	-	25,079,875
Unassigned	30,010,062	-	-	-	(877,889)	29,132,173
Total fund balance	<u>64,495,539</u>	<u>-</u>	<u>567,646</u>	<u>13,786,246</u>	<u>59,565,552</u>	<u>138,414,983</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 86,669,146</u>	<u>\$ 25,783,657</u>	<u>\$ 9,537,646</u>	<u>\$ 24,641,063</u>	<u>\$ 70,966,404</u>	<u>\$ 217,597,916</u>

The accompanying notes are an integral part of this statement.

CITY OF SALINAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total fund balances - total governmental funds (page F-27)		\$ 138,414,983
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not current financial resources and therefore are not reported in the governmental funds balance sheet.		305,549,059
Deferred inflows resulting from revenues that are not available to pay for current period expenditures are labeled unavailable in the governmental funds balance sheet.		7,943,961
Taxes receivable not collectible within sixty days are not available to pay current period expenditures and, therefore, are not reported in the funds.		345,081
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.		(663,088)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet as follows:		
Annual leave	\$ (12,234,703)	
Estimated insurance claims	(1,782,230)	
Net pension liability	(206,075,725)	
Net OPEB liability	(22,876,869)	
Capital leases	(65,977,431)	
Certificates of participation	(55,620,000)	
Assessment bonds	<u>(8,970,000)</u>	(373,536,958)
Governmental funds report the effects of premiums, discounts, refundings, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities for the following:		
Premium on bonds	(7,548,231)	
Discount on bond	344,239	
Deferred gain and loss on refundings	540,472	
Prepaid bond insurance	<u>71,752</u>	(6,591,768)
Differences between expected and actual experience, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date are recognized as deferred outflows and deferred inflows of resources in the statement of net position.		
Pension and OPEB deferred outflows	50,500,664	
Pension and OPEB deferred inflows	<u>(9,603,035)</u>	40,897,629
Internal service funds are used by management to charge the costs of insurance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position.		<u>3,893,368</u>
Net position of governmental activities (page F-21)		<u><u>\$ 116,252,267</u></u>

The accompanying notes are an integral part of this statement.

CITY OF SALINAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Measure E, & Measure G	American Rescue Plan Act (ARPA)	Assessment District Debt Service	Special Construction Assistance	Non-Major Governmental Funds	Total
REVENUES						
Taxes	\$ 144,300,725	\$ -	\$ -	\$ -	\$ 742,710	\$ 145,043,435
Taxes - special assessments	-	-	478,941	-	2,295,704	2,774,645
Licenses and permits	812,083	-	-	-	-	812,083
Intergovernmental	1,557,920	-	-	5,114,286	24,732,551	31,404,757
Charges for services	4,833,230	-	-	635,030	1,385,806	6,854,066
Interest	416,580	-	27	-	256,975	673,582
Rental income	418,772	-	-	270,091	238,760	927,623
Fines and forfeits	275,938	-	-	-	347,462	623,400
Miscellaneous	890,277	-	-	206,122	1,147,090	2,243,489
Total revenues	<u>153,505,525</u>	<u>-</u>	<u>478,968</u>	<u>6,225,529</u>	<u>31,147,058</u>	<u>191,357,080</u>
EXPENDITURES						
Current:						
General government	28,416,370	-	-	1,065,281	10,510,935	39,992,586
Public safety	79,299,704	-	-	-	3,542,727	82,842,431
Public works	11,702,609	-	-	-	7,190,357	18,892,966
Recreation	2,647,436	-	-	-	288,114	2,935,550
Library	4,166,610	-	-	-	197,387	4,363,997
Capital outlay	599,877	-	-	25,084,860	3,840,501	29,525,238
Debt service:						
Principal retirement	-	-	580,000	-	5,885,528	6,465,528
Interest and fiscal charges	-	-	50,414	-	5,316,091	5,366,505
Bond issuance cost	-	-	-	-	584,727	584,727
Total expenditures	<u>126,832,606</u>	<u>-</u>	<u>630,414</u>	<u>26,150,141</u>	<u>37,356,367</u>	<u>190,969,528</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>26,672,919</u>	<u>-</u>	<u>(151,446)</u>	<u>(19,924,612)</u>	<u>(6,209,309)</u>	<u>387,552</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds	-	-	-	-	2,937,947	2,937,947
Refunding bond proceeds	-	-	-	-	20,630,000	20,630,000
Premium on refunding bonds issued	-	-	-	-	3,791,371	3,791,371
Payment to refunded bond escrow agent	-	-	-	-	(23,988,060)	(23,988,060)
Operating transfers in	6,096,486	-	-	-	20,804,094	26,900,580
Operating transfers out	(23,684,887)	-	-	-	(12,396,753)	(36,081,640)
Total other financing sources (uses)	<u>(17,588,401)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,778,599</u>	<u>(5,809,802)</u>
NET CHANGE IN FUND BALANCE	9,084,518	-	(151,446)	(19,924,612)	5,569,290	(5,422,250)
FUND BALANCE, BEGINNING OF YEAR	55,411,021	-	719,092	33,710,858	53,996,262	143,837,233
FUND BALANCE, END OF YEAR	<u>\$ 64,495,539</u>	<u>\$ -</u>	<u>\$ 567,646</u>	<u>\$ 13,786,246</u>	<u>\$ 59,565,552</u>	<u>\$ 138,414,983</u>

The accompanying notes are an integral part of this statement.

CITY OF SALINAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE
GOVERNMENT WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balance - total governmental funds (page F-29)		\$ (5,422,250)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital outlays, net of depreciation.		
Capital outlay	\$ 31,486,966	
Depreciation	<u>(10,619,864)</u>	20,867,102
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Earned but unavailable intergovernmental revenues	4,471,648	
Earned but unavailable other revenues	314,819	
Earned but unavailable business taxes	(440,047)	
Interest	68,678	
Property taxes	<u>(102,271)</u>	4,312,827
Issuance of housing loans are reported in the statement of net position.		
		1,719,220
Principal payments on housing loans are reported in the statement of net position.		
		(398,142)
Reporting of loan receivables at realizable value requires an allowance to be made.		
		(1,391,481)
Issuance of long-term debt including capital advances, compensating absences, and leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources in governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Following is the net effect of these differences in the treatment of long-term debt and related items:		
Increase in compensated absences	(915,508)	
Increase in insurance claims payable	(123,724)	
Issuance of assessment district bonds	(2,937,946)	
Issuance of refunding bonds	(20,630,000)	
Premium on refunding bonds	(3,791,371)	
Payment to refunded bond escrow agent	23,988,060	
Amortiation of bond premium and discount	681,870	
Principal paid on capital leases	4,005,528	
Principal paid on certificates of participation	1,830,000	
Principal paid on assessment district bonds	<u>630,000</u>	2,736,909
Pension expense and OPEB expense do not require the use of current financial resources and therefore are not presented as an expenditure in the governmental funds.		
		(5,133,652)
Governmental funds report the effect of bond insurance costs when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net current period change in unamortized bond insurance cost.		
		(212,416)
Interest payable expense on long-term debt is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, interest payable expense is not reported as expenditures in governmental funds. This amount is the current year net change in interest payable.		
		14,036
Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the statement of net position.		
		<u>703,615</u>
Change in net position of governmental activities (page F-22)		<u><u>\$ 17,795,768</u></u>

The accompanying notes are an integral part of this statement.

PROPRIETARY FUNDS

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 (other departments or agencies).

The City has 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 enterprise operations of the City-operated Industrial Wastewater treatment facility.

Municipal Golf Courses Fund - This fund is used to account for the enterprise operations of the Fairways and Twin Creeks golf courses.

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.

Storm Sewer Fund - This fund is used to account for the maintenance of the City's storm drainage system and the street sweeping program. This program was funded with a storm sewer fee that was declared by the Court as invalid under Proposition 218. Until alternative funding is secured, the program is funded with a combination of general funds and gas tax funds. In addition, the program is funded with a street sweeping surcharge on garbage collection billings.

Landfill Garbage Surcharge Fund - This fund is used to account for the installment sale of the Crazy Horse landfill site to the Salinas Valley Solid Waste Authority.

Water Utility Fund – This fund is used to account for the repairs and maintenance of the water well located at Hitchcock Road. Water users fund the costs of the water well repairs and annual operating costs.

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.



This page is intentionally left blank.

CITY OF SALINAS
STATEMENT OF FUND NET POSITION (DEFICIT)
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-type Activity - Enterprise Funds					Landfill Garbage Surcharge
	Airport	Industrial Waste	Municipal Golf Courses	Sanitary Sewer	Storm Sewer	
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 1,451,509	\$ 8,023,451	\$ 457,448	\$ 5,707,270	\$ 1,491,637	\$ 282,641
Receivables, net						
Accounts	91,657	356,540	-	755,166	-	-
Accrued interest	1,008	5,582	-	3,765	504	517
Prepaid bond insurance	-	-	1,546	-	-	-
Due from general fund	-	-	-	-	-	-
Total current assets	<u>1,544,174</u>	<u>8,385,573</u>	<u>458,994</u>	<u>6,466,201</u>	<u>1,492,141</u>	<u>283,158</u>
Noncurrent assets:						
Restricted cash and investments	-	-	-	6,807	-	-
Prepaid bond insurance, long term	-	-	19,129	-	-	-
Capital assets						
Land and nondepreciable assets	2,918,329	1,630,149	-	2,657,167	1,667,378	-
Depreciable assets, net accumulated depreciation	14,647,687	13,948,916	989,935	31,908,480	32,150,408	-
Total noncurrent assets	<u>17,566,016</u>	<u>15,579,065</u>	<u>1,009,064</u>	<u>34,572,454</u>	<u>33,817,786</u>	<u>-</u>
Total assets	<u>19,110,190</u>	<u>23,964,638</u>	<u>1,468,058</u>	<u>41,038,655</u>	<u>35,309,927</u>	<u>283,158</u>
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	147,808	88,847	-	355,387	147,809	-
Related to OPEB	49,541	38,434	-	93,560	75,613	-
Loss on refunding of debt	-	-	10,730	711,279	-	-
Total deferred outflows of resources	<u>197,349</u>	<u>127,281</u>	<u>10,730</u>	<u>1,160,226</u>	<u>223,422</u>	<u>-</u>
Total assets and deferred outflows	<u>19,307,539</u>	<u>24,091,919</u>	<u>1,478,788</u>	<u>42,198,881</u>	<u>35,533,349</u>	<u>283,158</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	56,744	104,646	-	119,274	134,515	-
Deposits	39,545	-	-	-	-	-
Due to other funds	-	2,653	281,839	717,981	-	-
Insurance claims payable	-	-	-	-	-	-
Interest payable	-	21,074	30,902	124,747	677	-
Long term debt - due within one year	18,664	472,800	500,347	576,748	78,502	-
Total current liabilities	<u>114,953</u>	<u>601,173</u>	<u>813,088</u>	<u>1,538,750</u>	<u>213,694</u>	<u>-</u>
Noncurrent Liabilities:						
Advance from general fund	-	-	4,200,000	-	-	-
Long term debt - due in more than one year	74,656	1,544,202	6,031,738	13,956,991	147,843	-
Net pension liability	594,967	357,632	-	1,430,520	594,968	-
Net OPEB liability	194,493	150,890	-	367,309	296,850	-
Total noncurrent liabilities	<u>864,116</u>	<u>2,052,724</u>	<u>10,231,738</u>	<u>15,754,820</u>	<u>1,039,661</u>	<u>-</u>
Total liabilities	<u>979,069</u>	<u>2,653,897</u>	<u>11,044,826</u>	<u>17,293,570</u>	<u>1,253,355</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	4,983	2,994	-	11,978	4,982	-
Related to OPEB	36,577	28,377	-	69,077	55,826	-
Total deferred inflows	<u>41,560</u>	<u>31,371</u>	<u>-</u>	<u>81,055</u>	<u>60,808</u>	<u>-</u>
NET POSITION (DEFICIT)						
Invested in capital assets	17,566,016	13,604,991	(5,573,052)	20,015,900	33,703,942	-
Restricted for debt service	-	-	-	6,807	-	-
Unrestricted	720,894	7,801,660	(3,992,986)	4,801,549	515,244	283,158
Total net position (deficit)	<u>\$ 18,286,910</u>	<u>\$ 21,406,651</u>	<u>\$ (9,566,038)</u>	<u>\$ 24,824,256</u>	<u>\$ 34,219,186</u>	<u>\$ 283,158</u>

The accompanying notes are an integral part of this statement.

CITY OF SALINAS
STATEMENT OF FUND NET POSITION (DEFICIT)
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-type Activity - Enterprise Funds				Governmental
	Water Utility	Downtown Parking District	Permit Services	Total	Activity Internal Service Funds
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 24,980	\$ 671,150	\$ 2,342,538	\$ 20,452,624	\$ 16,331,616
Receivables, net					
Accounts	9,687	278,737	298	1,492,085	-
Accrued interest	-	-	1,591	12,967	7,492
Prepaid bond insurance	-	8,587	-	10,133	-
Due from general fund	-	-	-	-	16,831,462
Total current assets	<u>34,667</u>	<u>958,474</u>	<u>2,344,427</u>	<u>21,967,809</u>	<u>33,170,570</u>
Noncurrent assets:					
Restricted cash and investments	-	-	-	6,807	394,091
Prepaid bond insurance, long term	-	103,051	-	122,180	-
Capital assets					
Land and nondepreciable assets	-	18,758	-	8,891,781	-
Depreciable assets, net accumulated depreciation	26,785	7,788,298	33,079	101,493,588	-
Total noncurrent assets	<u>26,785</u>	<u>7,910,107</u>	<u>33,079</u>	<u>110,514,356</u>	<u>394,091</u>
Total assets	<u>61,452</u>	<u>8,868,581</u>	<u>2,377,506</u>	<u>132,482,165</u>	<u>33,564,661</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	-	-	295,616	1,035,467	325,501
Related to OPEB	-	6,976	114,506	378,630	101,444
Loss on refunding of debt	-	-	-	722,009	-
Total deferred outflows of resources	<u>-</u>	<u>6,976</u>	<u>410,122</u>	<u>2,136,106</u>	<u>426,945</u>
Total assets and deferred outflows	<u>61,452</u>	<u>8,875,557</u>	<u>2,787,628</u>	<u>134,618,271</u>	<u>33,991,606</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	938	168,068	96,287	680,472	131,014
Deposits	-	-	-	39,545	-
Due to other funds	-	1,535,178	10,841	2,548,492	-
Insurance claims payable	-	-	-	-	28,031,641
Interest payable	-	126,760	-	304,160	-
Long term debt - due within one year	-	579,078	44,655	2,270,794	28,245
Total current liabilities	<u>938</u>	<u>2,409,084</u>	<u>151,783</u>	<u>5,843,463</u>	<u>28,190,900</u>
Noncurrent Liabilities:					
Advance from general fund	-	2,785,000	-	6,985,000	-
Long term debt - due in more than one year	-	9,016,310	178,622	30,950,362	112,978
Net pension liability	-	-	1,189,933	4,168,020	1,310,227
Net OPEB liability	-	27,389	449,542	1,486,473	398,263
Total noncurrent liabilities	<u>-</u>	<u>11,828,699</u>	<u>1,818,097</u>	<u>43,589,855</u>	<u>1,821,468</u>
Total liabilities	<u>938</u>	<u>14,237,783</u>	<u>1,969,880</u>	<u>49,433,318</u>	<u>30,012,368</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	-	-	9,963	34,900	10,972
Related to OPEB	-	5,152	84,542	279,551	74,898
Total deferred inflows	<u>-</u>	<u>5,152</u>	<u>94,505</u>	<u>314,451</u>	<u>85,870</u>
NET POSITION (DEFICIT)					
Invested in capital assets	26,785	(1,909,704)	33,079	77,467,957	-
Restricted for debt service	-	-	-	6,807	-
Unrestricted	33,729	(3,457,674)	690,164	7,395,738	3,893,368
Total net position (deficit)	<u>\$ 60,514</u>	<u>\$ (5,367,378)</u>	<u>\$ 723,243</u>	<u>\$ 84,870,502</u>	<u>\$ 3,893,368</u>

The accompanying notes are an integral part of this statement.

CITY OF SALINAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activity - Enterprise Fund					
	Airport	Industrial Waste	Municipal Golf Courses	Sanitary Sewer	Storm Sewer	Landfill Garbage Surcharge
OPERATING REVENUES:						
Charges for services						
Fees	\$ 56,400	\$ 2,825,240	\$ -	\$ 3,672,624	\$ 215	\$ -
Licenses and permits	103,675	-	-	-	-	-
Rental income	1,585,781	-	160,000	-	-	-
Total operating revenues	<u>1,745,856</u>	<u>2,825,240</u>	<u>160,000</u>	<u>3,672,624</u>	<u>215</u>	<u>-</u>
OPERATING EXPENSES:						
Personnel services	802,995	612,565	-	1,457,630	1,136,743	-
Administration	177,404	179,551	-	292,583	353,932	-
Contractual services	144,500	265,594	9,374	178,668	964,036	-
Supplies	99,354	39,483	-	146,118	213,938	-
Insurance	18,912	19,959	-	45,623	32,734	-
Insurance claims	-	-	-	-	-	-
Fees and permits (taxes)	57,086	11,748	-	247	45,257	-
Utilities	111,531	205,378	-	99,242	5,719	-
Depreciation	979,574	522,166	49,905	1,490,721	2,659,500	-
Amortization	-	-	-	-	-	-
Other	(40,642)	11,483	-	20,937	9,805	-
Total operating expenses	<u>2,350,714</u>	<u>1,867,927</u>	<u>59,279</u>	<u>3,731,769</u>	<u>5,421,664</u>	<u>-</u>
Operating income (loss)	<u>(604,858)</u>	<u>957,313</u>	<u>100,721</u>	<u>(59,145)</u>	<u>(5,421,449)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	7,377	35,752	113	26,241	4,273	3,376
Interest expense	(409)	(51,945)	(329,683)	(587,458)	(5,471)	-
Bond issuance cost	-	-	(107,760)	(215,021)	-	-
Gain (loss) on disposition of fixed assets	-	-	-	26,200	-	-
Other nonoperating revenues (expenses)	901	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>7,869</u>	<u>(16,193)</u>	<u>(437,330)</u>	<u>(750,038)</u>	<u>(1,198)</u>	<u>3,376</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS						
	(596,989)	941,120	(336,609)	(809,183)	(5,422,647)	3,376
Contribution for parking structure debt	-	-	-	-	-	-
Transfers in	448,021	90,546	-	929,501	3,428,048	-
Transfers out	(51,062)	(69,646)	-	(342,156)	-	(692,835)
CHANGE IN NET POSITION (DEFICIT)	<u>(200,030)</u>	<u>962,020</u>	<u>(336,609)</u>	<u>(221,838)</u>	<u>(1,994,599)</u>	<u>(689,459)</u>
NET POSITION (DEFICIT)						
BEGINNING OF YEAR	<u>18,486,940</u>	<u>20,444,631</u>	<u>(9,229,429)</u>	<u>25,046,094</u>	<u>36,213,785</u>	<u>972,617</u>
END OF YEAR	<u>\$ 18,286,910</u>	<u>\$ 21,406,651</u>	<u>\$ (9,566,038)</u>	<u>\$ 24,824,256</u>	<u>\$ 34,219,186</u>	<u>\$ 283,158</u>

The accompanying notes are an integral part of this statement.

CITY OF SALINAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activity - Enterprise Fund				Governmental	
	Water Utility	Downtown Parking District		Permit Services	Total	Activity
						Internal Service Funds
OPERATING REVENUES:						
Charges for services						
Fees	\$ 7,153	\$ 991,948	\$ 1,421,141	\$ 8,974,721	\$ 9,215,641	
Licenses and permits	-	227,758	1,312,360	1,643,793	-	
Rental income	-	-	-	1,745,781	-	
Total operating revenues	<u>7,153</u>	<u>1,219,706</u>	<u>2,733,501</u>	<u>12,364,295</u>	<u>9,215,641</u>	
OPERATING EXPENSES:						
Personnel services	-	104,335	1,557,749	5,672,017	1,900,630	
Administration	1,271	180,654	295,889	1,481,284	-	
Contractual services	8,415	1,039,875	325,459	2,935,921	560,849	
Supplies	-	6,624	12,899	518,416	691,171	
Insurance	-	14,742	66,002	197,972	1,749,511	
Insurance claims	-	-	-	-	8,750,941	
Fees and permits (taxes)	-	30,063	2	144,403	-	
Utilities	-	37,518	5,116	464,504	-	
Depreciation	10,044	575,865	11,573	6,299,348	-	
Amortization	-	8,587	-	8,587	-	
Other	-	-	14,513	16,096	567,203	
Total operating expenses	<u>19,730</u>	<u>1,998,263</u>	<u>2,289,202</u>	<u>17,738,548</u>	<u>14,220,305</u>	
Operating income (loss)	<u>(12,577)</u>	<u>(778,557)</u>	<u>444,299</u>	<u>(5,374,253)</u>	<u>(5,004,664)</u>	
NONOPERATING REVENUES (EXPENSES)						
Investment income	-	-	10,830	87,962	51,579	
Interest expense	-	(389,310)	-	(1,364,276)	-	
Bond issuance cost	-	-	-	(322,781)	-	
Gain (loss) on disposition of fixed assets	-	-	-	26,200	-	
Other nonoperating revenues (expenses)	-	-	-	901	-	
Total nonoperating revenues (expenses)	<u>-</u>	<u>(389,310)</u>	<u>10,830</u>	<u>(1,571,994)</u>	<u>51,579</u>	
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(12,577)</u>	<u>(1,167,867)</u>	<u>455,129</u>	<u>(6,946,247)</u>	<u>(4,953,085)</u>	
Contribution for parking structure debt	-	947,593	-	947,593	-	
Transfers in	-	-	-	4,896,116	5,656,700	
Transfers out	-	(21,608)	(194,449)	(1,371,756)	-	
CHANGE IN NET POSITION (DEFICIT)	<u>(12,577)</u>	<u>(241,882)</u>	<u>260,680</u>	<u>(2,474,294)</u>	<u>703,615</u>	
NET POSITION (DEFICIT)						
BEGINNING OF YEAR	<u>73,091</u>	<u>(5,125,496)</u>	<u>462,563</u>	<u>87,344,796</u>	<u>3,189,753</u>	
E END OF YEAR	<u>\$ 60,514</u>	<u>\$ (5,367,378)</u>	<u>\$ 723,243</u>	<u>\$ 84,870,502</u>	<u>\$ 3,893,368</u>	

The accompanying notes are an integral part of this statement.

**CITY OF SALINAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-type Activities - Enterprise Funds					
	Airport	Industrial Waste	Municipal Golf Courses	Sanitary Sewer	Storm Sewer	Landfill Garbage Surcharge
Cash flows from operating activities:						
Receipts from customers and users	\$ 1,796,170	\$ 2,870,477	\$ 176,667	\$ 5,025,847	\$ 215	\$ -
Receipts from interfund services provided	-	-	-	-	-	-
Payments to suppliers	(563,849)	(703,641)	(9,374)	(788,371)	(1,597,061)	-
Payments to employees	(748,407)	(539,328)	-	(1,455,718)	(1,116,415)	-
Payments to claimants	-	-	-	-	-	-
Net cash provided (used) by operating activities	<u>483,914</u>	<u>1,627,508</u>	<u>167,293</u>	<u>2,781,758</u>	<u>(2,713,261)</u>	<u>-</u>
Cash flows from non-capital financing activities:						
Advances received from general fund	-	-	450,000	-	-	-
Operating transfers in	-	90,546	55,541	-	3,176,000	-
Operating transfers out	(51,062)	(47,802)	-	(63,703)	-	(692,835)
Net cash provided by (used for) Non-capital financing activities	<u>(51,062)</u>	<u>42,744</u>	<u>505,541</u>	<u>(63,703)</u>	<u>3,176,000</u>	<u>(692,835)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(496,353)	(385,915)	-	(1,601,965)	(252,048)	-
Proceeds from sale of assets	-	-	-	26,200	-	-
Refunding bonds issued	-	-	7,072,432	14,425,000	-	-
Advance refunding of bond	-	-	(7,357,203)	(15,768,557)	-	-
Contribution from Successor Agency	-	-	-	-	-	-
Capital related transfers in	448,021	-	-	1,635,748	252,048	-
Capital related transfers out	(285)	(31,028)	-	(278,453)	-	-
Principal paid on capital debt	(30,238)	(442,000)	(495,000)	(420,000)	(112,361)	-
Interest paid on capital debt	(611)	(55,576)	(175,479)	(570,847)	(5,970)	-
Net cash provided (used) by capital and related financing activities	<u>(79,466)</u>	<u>(914,519)</u>	<u>(955,250)</u>	<u>(2,552,874)</u>	<u>(118,331)</u>	<u>-</u>
Cash flows from investing activities:						
Interest received	8,492	48,800	113	30,559	3,933	6,536
Poceeds from sale of investments	-	-	-	250,000	-	-
Increase in fair value of LAIF investments	1,145	2,204	-	3,815	1,113	(971)
Net cash provided by investing activities	<u>9,637</u>	<u>51,004</u>	<u>113</u>	<u>284,374</u>	<u>5,046</u>	<u>5,565</u>
Net increase (decrease) in cash and cash equivalents	363,023	806,737	(282,303)	449,555	349,454	(687,270)
Cash and cash equivalents at beginning of year	1,088,486	7,216,714	739,751	5,264,522	1,142,183	969,911
Cash and cash equivalents at end of year	<u>\$ 1,451,509</u>	<u>\$ 8,023,451</u>	<u>\$ 457,448</u>	<u>\$ 5,714,077</u>	<u>\$ 1,491,637</u>	<u>\$ 282,641</u>

The accompanying notes are an integral part of this statement.

**CITY OF SALINAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Downtown	Permit Services	Total	Activities
		Parking District			Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 5,299	\$ 1,160,105	\$ 2,733,759	\$ 13,768,539	\$ -
Receipts from interfund services provided	-	-	-	-	9,215,641
Payments to suppliers	(9,745)	(1,297,934)	(704,107)	(5,674,082)	(3,545,743)
Payments to employees	-	(87,071)	(1,532,589)	(5,479,528)	(1,515,245)
Payments to claimants	-	-	-	-	(7,271,191)
Net cash provided (used) by operating activities	<u>(4,446)</u>	<u>(224,900)</u>	<u>497,063</u>	<u>2,614,929</u>	<u>(3,116,538)</u>
Cash flows from non-capital financing activities:					
Advances received from general fund	-	-	-	450,000	-
Operating transfers in	-	-	-	3,322,087	2,206,801
Operating transfers out	-	(45,894)	-	(901,296)	-
Net cash provided by (used for)					
Non-capital financing activities	<u>-</u>	<u>(45,894)</u>	<u>-</u>	<u>2,870,791</u>	<u>2,206,801</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	-	(31,824)	(2,768,105)	-
Proceeds from sale of assets	-	-	-	26,200	-
Refunding bonds issued	-	-	-	21,497,432	-
Advance refunding of bond	-	-	-	(23,125,760)	-
Contribution from Successor Agency	-	1,151,427	-	1,151,427	-
Capital related transfers in	-	-	-	2,335,817	-
Capital related transfers out	-	-	(192,233)	(501,999)	-
Principal paid on capital debt	-	(551,000)	-	(2,050,599)	-
Interest paid on capital debt	-	(396,593)	-	(1,205,076)	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>203,834</u>	<u>(224,057)</u>	<u>(4,640,663)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	-	-	14,897	113,330	51,579
Poceeds from sale of investments	-	-	-	250,000	-
Increase in fair value of LAIF investments	-	-	419	7,725	20,952
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>15,316</u>	<u>371,055</u>	<u>72,531</u>
Net increase (decrease) in cash and cash equivalents	(4,446)	(66,960)	288,322	1,216,112	(837,206)
Cash and cash equivalents at beginning of year	29,426	738,110	2,054,216	19,243,319	17,562,913
Cash and cash equivalents at end of year	<u>\$ 24,980</u>	<u>\$ 671,150</u>	<u>\$ 2,342,538</u>	<u>\$ 20,459,431</u>	<u>\$ 16,725,707</u>

The accompanying notes are an integral part of this statement.

CITY OF SALINAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds					
	Airport	Industrial Waste	Municipal Golf Courses	Sanitary Sewer	Storm Sewer	Landfill Garbage Surcharge
Reconciliation of cash and cash equivalents to the Statement of Net Position						
Ending cash and cash equivalents - statement of cash flows	\$ 1,451,509	\$ 8,023,451	\$ 457,448	\$ 5,714,077	\$ 1,491,637	\$ 282,641
Less amounts reported in restricted cash and investments	-	-	-	(6,807)	-	-
Cash and cash equivalents - statement of net position	<u>\$ 1,451,509</u>	<u>\$ 8,023,451</u>	<u>\$ 457,448</u>	<u>\$ 5,707,270</u>	<u>\$ 1,491,637</u>	<u>\$ 282,641</u>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (603,957)	\$ 957,313	\$ 100,721	\$ (59,145)	\$ (5,421,449)	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation	979,574	522,166	49,905	1,490,721	2,659,500	-
Amortization	-	-	-	-	-	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in accounts receivable	54,052	45,237	16,667	1,353,223	-	-
(Increase) decrease in deferred outflows - pension	102,149	36,132	-	269,506	102,149	-
(Increase) decrease in deferred outflows - OPEB	(33,178)	(25,209)	-	(60,835)	(49,612)	-
Increase (decrease) in accounts payable	8,465	32,283	-	2,780	33,196	-
Increase (decrease) in deposits	(4,639)	-	-	-	-	-
Increase (decrease) in insurance claims	-	-	-	-	-	-
Increase (decrease) in accrued leave	25,630	12,099	-	5,722	(9,734)	-
Increase (decrease) in net pension liability	(83,465)	18,414	-	(265,559)	(83,465)	-
Increase (decrease) in net OPEB liability	56,035	38,986	-	90,393	76,835	-
Increase (decrease) in deferred inflows - pension	(13,981)	(6,488)	-	(35,429)	(13,981)	-
Increase (decrease) in deferred inflows - OPEB	(2,771)	(3,425)	-	(9,619)	(6,700)	-
Total adjustments to net income	<u>1,087,871</u>	<u>670,195</u>	<u>66,572</u>	<u>2,840,903</u>	<u>2,708,188</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 483,914</u>	<u>\$ 1,627,508</u>	<u>\$ 167,293</u>	<u>\$ 2,781,758</u>	<u>\$ (2,713,261)</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**CITY OF SALINAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Downtown Parking District	Permit Services	Total	Activities Internal Service Funds
Reconciliation of cash and cash equivalents to the Statement of Net Position					
Ending cash and cash equivalents - statement of cash flows	\$ 24,980	\$ 671,150	\$ 2,342,538	\$ 20,459,431	\$ 16,725,707
Less amounts reported in restricted cash and investments	-	-	-	(6,807)	(394,091)
Cash and cash equivalents - statement of net position	<u>\$ 24,980</u>	<u>\$ 671,150</u>	<u>\$ 2,342,538</u>	<u>\$ 20,452,624</u>	<u>\$ 16,331,616</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (12,577)	\$ (778,557)	\$ 444,299	\$ (5,373,352)	\$ (5,004,664)
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation	10,044	575,865	11,573	6,299,348	-
Amortization	-	8,587	-	8,587	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
(Increase) decrease in accounts receivable	(1,854)	(59,601)	258	1,407,982	-
(Increase) decrease in deferred outflows - pension	-	-	204,298	714,234	49,433
(Increase) decrease in deferred outflows - OPEB	-	(5,855)	(71,694)	(246,383)	(65,132)
Increase (decrease) in accounts payable	(59)	11,185	20,327	108,177	34,202
Increase (decrease) in deposits	-	-	-	(4,639)	-
Increase (decrease) in insurance claims	-	-	-	-	1,479,750
Increase (decrease) in accrued leave	-	3,114	14,030	50,861	36,191
Increase (decrease) in net pension liability	-	-	(166,931)	(581,006)	292,579
Increase (decrease) in net OPEB liability	-	17,906	87,276	367,431	91,001
Increase (decrease) in deferred inflows - pension	-	-	(27,963)	(97,842)	(17,474)
Increase (decrease) in deferred inflows - OPEB	-	2,456	(18,410)	(38,469)	(12,424)
Total adjustments to net income	<u>8,131</u>	<u>553,657</u>	<u>52,764</u>	<u>7,988,281</u>	<u>1,888,126</u>
Net cash provided (used) by operating activities	<u>\$ (4,446)</u>	<u>\$ (224,900)</u>	<u>\$ 497,063</u>	<u>\$ 2,614,929</u>	<u>\$ (3,116,538)</u>

The accompanying notes are an integral part of this statement.

FIDUCIARY FUNDS

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.



This page is intentionally left blank.

CITY OF SALINAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Private Purpose Trust Fund	Pension Trust Fund	Custodial Funds
ASSETS			
Cash and investments	\$ 4,205,579	\$ 18,453,766	\$ 137,541
Cash and investments held by fiscal agent	1,640,648	-	-
Receivables			
Accounts	7,653	-	140,461
Interest	1,127	1,657	-
Loans and notes receivable	173,900	-	-
Capital assets	149,270	-	-
Total assets	<u>6,178,177</u>	<u>18,455,423</u>	<u>278,002</u>
LIABILITIES			
Accounts payable	201,774	-	200,429
Interest payable	703,145	-	-
Deposits	55,186	-	-
Long-term liabilities			
Due within one year	293,487	-	-
Due in more than one year	1,795,798	-	-
Total liabilities	<u>3,049,390</u>	<u>-</u>	<u>200,429</u>
DEFERRED INFLOWS OF RESOURCES			
Future ROPS	2,177,683	-	-
Total deferred inflows of resources	<u>2,177,683</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for:			
Pensions	-	18,455,423	-
Individuals and organizations	951,104	-	77,573
Total net position	<u>\$ 951,104</u>	<u>\$ 18,455,423</u>	<u>\$ 77,573</u>

The accompanying notes are an integral part of this statement.

CITY OF SALINAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Private Purpose Trust Fund	Pension Trust Fund	Custodial Funds
ADDITIONS			
Taxes	\$ 5,003,062	\$ -	\$ -
Miscellaneous	-	607,657	-
Total taxes, rental, and miscellaneous income	<u>5,003,062</u>	<u>607,657</u>	<u>-</u>
Contributions			
Plan members	-	58,286	289,782
Employers	-	10,212,240	-
Private donations	1,062,508	-	-
Total contributions	<u>1,062,508</u>	<u>10,270,526</u>	<u>289,782</u>
Investment earnings			
Interest	74,953	463,672	-
Less investment expense	-	(121,799)	-
Net investment earnings	<u>74,953</u>	<u>341,873</u>	<u>-</u>
Assessments collected for other governments	-	-	464,599
Total additions	<u>6,140,523</u>	<u>11,220,056</u>	<u>754,381</u>
DEDUCTIONS			
Expenses	1,415,490	-	7,500
Benefit payments	-	4,397,164	290,946
Payments on behalf of trustees	651,826	-	-
Contribution to other agencies	3,427,846	-	-
Assessments disbursed to other governments	-	-	464,111
Total deductions	<u>5,495,162</u>	<u>4,397,164</u>	<u>762,557</u>
CHANGE IN NET POSITION	645,361	6,822,892	(8,176)
NET POSITION			
BEGINNING OF YEAR	<u>305,743</u>	<u>11,632,531</u>	<u>85,749</u>
END OF YEAR	<u>\$ 951,104</u>	<u>\$ 18,455,423</u>	<u>\$ 77,573</u>

The accompanying notes are an integral part of this statement.

**NOTES TO
BASIC FINANCIAL STATEMENTS**



This page is intentionally left blank.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. Description of the Reporting Entity and Significant Accounting Policies:

A. Reporting Entity

The City of Salinas (City) was incorporated as a charter 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 an Airport, a Downtown Parking District, a Sanitary Sewer System, a Water Utility, a Storm Sewer System and an Industrial Waste Facility.

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:

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

Blended Component Unit

The 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 was used on the following dates for the following purposes:

- April 19, 1994 - to issue a site lease to finance the expansion of the industrial waste facility.
- September 17, 1996 - to issue Central City Revitalization Project Tax Allocation Bonds, Series A 1996.
- March 25, 1997 - issue Variable Rate Lease Revenue Bonds, Series A and B 1997.
- October 24, 1997 - to issue Certificates of Participation, Series A 1997.
- February 25, 1999 - to issue Certificates of Participation, Series A 1999.
- December 17, 2003 - to issue Certificates of Participation, Series A 2004.
- September 1, 2005 - issue Refunding Certificates of Participation, Series 2005 A and B.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

- August 21, 2008 - to issue variable rate taxable refunding Certificates of Participation Series 2008.
- January 29, 2014 – to refinance Certificates of Participation, Series A 2004 & Series A 1999 (Animal Shelter) with a lease purchase agreement (2014) with a bank.
- September 1, 2015 – to issue Refunding Certificates of Participation Series 2015 A and B for refunding of Certificates of Participation Series 2005 A and B.
- July 28, 2016 – to refinance Assessment District bonds through a direct private placement.
- February 29, 2019 – to issue Special Tax Bonds, CFD Monte Bella 2019.
- December 12, 2019 – to issue Special Tax Bonds, CFD Monte Bella 2019 #2.
- December 20, 2020 – to issue Special Tax Bonds, CFD Monte Bella 2019 #3.

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. Financial Statement Presentation

In recent years, the City’s General Fund has been managed carefully in order to balance its revenues and expenditures. The City has achieved adequate liquidity through the passage of an additional transaction and sales tax initiative (Measure G and Measure E) coupled with an increase in property taxes resulting from the recovery of the local real estate market values from the decline experienced in 2009.

The City’s Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-Wide Financial Statements – The government-wide financial statements, i.e. the statement of net position and the statement of activities, display information about the primary government (City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the City. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities, which are normally supported by taxes and inter-governmental revenues and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The statement of activities presents a comparison between direct expenses and program revenues for each business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a business-type activity or governmental function and; therefore, are clearly identifiable to a particular activity or function. Program revenues include 1) fines, fees and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements – The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category are presented (Governmental, Proprietary and Fiduciary). The emphasis of the fund financial statements are on major governmental and enterprise funds of the City and are reported separately in the accompanying financial statements. All remaining governmental funds are separately aggregated and reported as non-major funds in the accompanying financial statements.

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The City reports the following major governmental funds:

- General, Measure E, & Measure G – This fund is the primary operating fund of the City. It accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for in another fund. The General, Measure E, & Measure G Fund supports essential City services such as police and fire protection, street maintenance, libraries, and parks and open space maintenance.
- American Rescue Plan (ARPA) - On March 11, 2021, President Biden signed the American Rescue Plan Act, which will provide the City with \$51,567,313 in relief funds. The City has received the first half of these funds. Although the legislation provides broad guidance related to the eligible use of the funds, guidance and restrictions from the U.S. Treasury are very important. The information below shows the general language used in the Senate-approved version of the legislation.
 - 1) Respond to or mitigate the public health emergency with respect to COVID-19 or its negative economic impacts.
 - 2) Cover costs incurred as a result of the public health emergency.
 - 3) Replace revenue that was lost, delayed, or decreased (as determined based on revenue projections for the metropolitan city, non-entitlement unit of local government, or county as of Jan. 27, 2020) as a result of the pandemic.
 - 4) Address the negative economic impacts of the pandemic.
 - 5) Make necessary investments in water, sewer, or broadband infrastructure.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

- Assessment District Debt Service - This fund is used to accumulate monies for payment of the City's Assessment Districts Improvement Bonds. Debt service is financed with special assessments levied against property owners within the respective improvement districts.
- Special Construction Assistance – 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.

The City reports the following major enterprise funds:

- Airport Fund - This fund accounts for the operations of the City owned airport. The activities necessary to provide such service are accounted for in the fund, including, but not limited to, operations, maintenance, financing and related debt service, and billing and collection.
- Industrial Waste Fund - This fund accounts for the operations of the City operated Industrial Waste Water treatment facility.
- Municipal Golf Courses Fund - This fund accounts for the operations of Fairways and Twin Creek golf courses.
- Sanitary Sewer Fund - This fund accounts for the maintenance of the City's sanitary sewer collection system, which is funded from a surcharge on the Monterey Regional Water Pollution Control Agency sewer user fees.
- Storm Sewer Fund - This fund accounts for the maintenance of the City's storm drainage system and the street sweeping program. This program was funded with a storm sewer fee that was declared by the Court as invalid under Proposition 218. Until alternative funding is secured, the program is funded with a combination of general funds and gas tax funds. The program is also funded with a street sweeping surcharge on garbage collection billings.
- Landfill Garbage Surcharge Fund -This fund accounts for the installment sale of the Crazy Horse landfill site to the Salinas Valley Solid Waste Authority.
- Water Utility Fund - This fund accounts for the repairs and maintenance of the water well located at Hitchcock Road. Water users fund the costs of the water well repairs and annual operating costs.
- Downtown Parking District Fund - This fund accounts for the operations of the City's parking facilities. The activities necessary to provide such services are accounted for in the fund, including, but not limited to, operations, maintenance, financing and related debt service, and billing and collection.
- Permit Services Fund - This fund is used to account for the revenues and expenditures associated with providing permitting services to the community.

The City reports the following additional fund types:

- Internal Service Fund (a proprietary fund type) accounts for the services provided to internal users (other departments or agencies).
- Fiduciary Fund accounts for the assets held in a trustee or agent capacity for others and therefore cannot be used to support the government's own programs. The private-purpose

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

trust funds accounts for assets and activities of the dissolved Redevelopment Agency, which is accounted for in the Successor Agency Trust, and other trust arrangements not reported in a pension trust. The pension trust funds account for resources that are required to be held in trust for members and beneficiaries of defined benefit pension plans, defined contribution plan, and other employee benefit plans. The custodial funds are used to account for assets held in an agent capacity by the City for individuals, private organizations, other governments and other funds.

C. Measurement Focus and Basis of Accounting

Measurement focus and basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. When both restricted and unrestricted net positions are available, unrestricted resources are used only after the restricted resources are depleted.

The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental funds are reported using the current financial resources measurement focus. This focus is on the determination of, and changes in financial resources, and generally only current assets and current liabilities are included in the balance sheet. These funds use the modified accrual basis of accounting, whereby revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. For this purpose, the City considers revenues as available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred. However, principal and interest on long-term debt and certain estimated liabilities, such as compensated absences, and self-insurance claims, are recorded only when payment is due.

In the governmental funds, revenues from taxes, franchise fees, investment income, state and federal grants and charges for services associated with the current fiscal period are all considered to be susceptible to accruals. Such accruals have been recognized as revenues in the current period.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply restricted cost reimbursement grant resources to such programs, followed by restricted categorical block grants, and then by unrestricted general revenues.

D. New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statement has been implemented in the current financial statements:

GASB Statement No. 90 – In April 2018, GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. This statement had no significant effect on these financial statements.

The City has not determined the effects on the financial statements for the following GASB Statements, and is currently analyzing its accounting and financial reporting practices to determine the potential impact:

GASB Statement No. 87 – In June 2017, GASB issued Statement No 87, *Leases*. The objective of this Statement is 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 establishes a single model for lease accounting

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

E. Fair Value Measurement

Investments are accounted for in accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: level 1 inputs are quoted prices in active markets for identical assets, level 2 inputs are significant other observable inputs, and level 3 inputs are significant unobservable inputs.

F. Interest Earnings

Interest received on time deposits and investments is prorated quarterly to the following funds generally based on an average of three-month ending cash balances. Interest earned by other funds under this method is allocated to the General Fund.

- General, Measure E & G
- Development Fees
- Emergency Medical Services

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

- Asset Seizure
- Lighting, Landscape and Maintenance District
- Municipal Art
- Measure X
- SB1
- Local Public Safety
- Gas Tax
- SRA Public Improvement Grant
- Affordable Housing
- COP 1999 & COP 2004 Consolidation (2014)
- Energy Improvement Lease
- COP 2005 A & B 2015 Refunding
- Assessment District Reserve
- Special Aviation
- Assessment District Project
- Airport
- Industrial Waste
- Municipal Golf Courses
- Sanitary Sewer
- Storm Sewer
- Permit Services
- Landfill Garbage Surcharge
- Internal Service Funds
- Pension Trust Fund
- Successor Agency Trust Fund

G. Cash 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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

The City valued its investments in LAIF as of June 30, 2021, 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. See Note 13 for additional information on the various deferred compensation plans.

H. Restricted Cash and Investment with Fiscal Agents

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

I. 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.

J. Prepaid Bond Insurance, Original Issue Discounts and Premiums, and Refundings

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

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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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. 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.

L. Interfund-fund 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.

M. 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.

N. Restricted Assets

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

O. 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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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:

Buildings	20-50 years
Other improvements	15-45 years
Infrastructure	10-50 years
Equipment	5-20 years

P. 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.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents 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.

The City reports the following items as deferred outflow of resources:

- Losses on refunding of debt in the government-wide financial statements.
- Deferred outflows of resources related to pensions are reported in the government-wide financial statements as described further in Note 14.
- Deferred outflows of resources related to OPEB are reported in the government-wide financial statements as described further in Note 15.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The City reports the following items as deferred inflows of resources:

- Unavailable revenues are reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from grants, taxes, and assessment receivable, and long-term notes receivable. These amounts are reported as unavailable and recognized as an inflow of resources in the period that the amounts become available.
- Gains on refunding of debt are reported in the government-wide financial statements.
- Deferred inflows of resources related to pensions are reported in the government wide financial statements as described further in Note 14.
- Deferred inflows of resources related to OPEB are reported in the government wide financial statements as described further in Note 15.

R. 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.

S. Public Employees Retirement System (CalPERS)

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

T. Unearned Revenue

Governmental funds report unearned revenue in connection with revenues that are not considered earned as of year-end. For additional information on unearned revenues, see Note 19.

U. Claims and Judgments

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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

V. Long-Term Debt

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.

W. Net Position

Net position represents total assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets, excluding unspent debt proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

- Net Investment In Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted Net Position - This category represents net position that have external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net amounts that do not meet the criteria for “restricted” or “net investment in capital assets.”

X. Fund Balance

Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the financial statements reporting for governmental funds classify fund balances based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. Fund balance for the City's governmental funds consists of the following categories:

- *Nonspendable Fund Balance* - includes amounts that are not in a spendable form, such as inventories, prepaid items, and long-term loans and notes receivables. It also includes

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

amounts that are legally or contractually required to be maintained intact or required to be retained in perpetuity, such as the principal of an endowment fund.

- *Restricted Fund Balance* - includes amounts reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* - includes amounts that have been limited to specific purposes as defined in the City Charter or through adoption of an ordinance by the City Council, the highest level of decision making authority of the City. These commitments may be changed or lifted, but only by the same formal action that was used to impose the constraint originally. City Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be subsequently determined.
- *Assigned Fund Balance* - includes amounts that are intended to be used by the City for specific purposes through City Council budgetary action, which include the approval of appropriations and revenue sources pertaining to the next fiscal year's budget. Intent is expressed by (a) the City Council or (b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purpose.
- *Unassigned Fund Balance* - includes amounts within the General, Measure E, & Measure G Funds, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories, unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in nonspendable, restricted, and committed fund balance.

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.

Y. 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:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates (delinquent after)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

Z. Self-Insurance

The City is self-insured for workers’ compensation, general, automobile, and public liability claims. The City’s estimated liability for claims as of June 30, 2021 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.

AA. Use of Estimates

A number of estimates and assumptions relating to the reporting of revenues, expenditures/ expenses, assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

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, Measure E & Measure G 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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

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

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

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

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

B. Deficit Fund Balance

At June 30, 2021, the following funds had a deficit fund balance or deficit net position:

Major Funds

Business-type Activities

Municipal Golf Courses Fund	\$ 9,566,038
Downtown Parking District Fund	\$ 5,367,378

Non-Major Funds

Governmental Activities

Special Revenue Funds

Housing and Urban Development Grant	\$ 875,711
-------------------------------------	------------

Debt Service Funds

Assessment District Administration	\$ 2,178
------------------------------------	----------

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Enterprise Funds – Municipal Golf Courses Fund

The deficit net asset balance of \$9,566,038 is a result of the interest on long-term bonds amounting to \$6,260,000, that also exceed the related assets. This deficit will continue to decline over time as the bonds are paid back.

Enterprise Funds – Downtown Parking District Fund

The deficit net position in the Downtown Parking District Fund of \$5,367,378 is a result of operating cost in excess of operating revenues and the long-term lease payable amounting to \$9,590,000. This deficit will continue to decline over time as the lease payable is collected.

Non-Major Special Revenue Funds

The deficit fund balance in the Non-Major Special Revenue Funds is a result of Community Development and related Housing reimbursable grants increase during year 2021, as a result of COVID mitigation programs and related expenditures. This deficit will decline as claims are submitted for reimbursement to state and federal agencies and unavailable funds become available.

Non-Major Debt Service Funds

The deficit net position in the non-major debt service funds is the result of timing of transfers from other funds to cover debt service payments. This deficit will decline as transfers are made to reimburse the non-major debt service funds.

3. 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.

4. Cash and Investments:

The City's cash and investments at June 30, 2021 are included in the accompanying basic financial statements as follows:

	<u>Government-Wide Statement of Net Position</u>			<u>Fund Financials</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Total</u>
Cash and Investments	\$ 171,095,305	\$ 20,452,624	\$ 191,547,929	\$ 22,796,886	\$ 214,344,815
Restricted Cash and Investments	1,387,761	6,807	1,394,568	1,640,648	3,035,216
Total Cash and Investments	<u>\$ 172,483,066</u>	<u>\$ 20,459,431</u>	<u>\$ 192,942,497</u>	<u>\$ 24,437,534</u>	<u>\$ 217,380,031</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Cash and investments at June 30, 2021 consisted of the following:

Cash and cash equivalents	
Demand accounts at banks	\$ 8,028,797
Money market	3,571,123
Deposits held in trust by fiscal agent	270,847
Money market held in trust by fiscal agent	27,077,842
State local agency investment fund (LAIF)	149,870,854
Petty cash and revolving fund	25,000
	188,844,463
Investments	
Investments held in trust by fiscal agent	22,636,967
Deferred compensation	
Investment in trust deeds and properties	5,898,601
	28,535,568
	\$ 217,380,031

Deposits

At June 30, 2021, the carrying amount of the City's deposits was \$8,028,797. The bank balance was \$9,945,506. The difference is due to outstanding checks and deposits in transit. All bank balances are insured or collateralized.

Investments

Investments permitted by the City's investment policy include the following:

- Certificates of Deposit
- Repurchase Agreements
- Bankers Acceptances
- Guaranteed Investment Contracts
- U.S. Treasury Bills and Notes
- State of California Local Agency Investment Fund
- Government Agency Securities
- Passbook Savings Accounts
- Mutual Funds
- Interest Bearing Checking Accounts
- Commercial Paper

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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

The City participates in the California Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. At June 30, 2021, the total fair value amount invested by all public agencies in LAIF was \$193.3 billion managed by the State Treasurer. Of that amount, 2.31% is invested in medium-term and short-term structured notes and asset-back securities. No amounts were invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

As of June 30, 2021, the City had the following investment and maturities:

	Maturities			Total
	0-12 months	1-5 years	over 5 years	
Investment Agreements	\$ 11,384,002	\$ 11,252,965	\$ -	\$ 22,636,967
Trust Deeds-Def Comp	-	5,898,601	-	5,898,601
Total	\$ 11,384,002	\$ 17,151,566	\$ -	\$ 28,535,568

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, 2021 had an average life of 291 days, it was presented as an investment with a maturity of 0-12 months. However, LAIF allows the City to make withdrawals of any amount within 24 hours. Information about the sensitivity of the fair values of the City investments to market interest rate fluctuations is provided by the preceding table that shows the distribution of the City's investment by maturity.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Summarized below are the ratings of the City's cash and investments:

	Fair Value	S&P	Moody's	% of Total
Demand accounts at banks	\$ 8,028,797	NR	NR	3.69%
Money Market at Rabobank	3,571,123	NR	NR	1.64%
Deposits held in trust by fiscal agent	270,847	NR	NR	0.12%
Money Market held in trust by fiscal agent				
Fidelity Investment MM Gov	801,802	AAAm	Aaa-mf	0.37%
Dreyfus Gov Cash Management	376,977	NR	NR	0.17%
Capital GTY	1	NR	NR	0.00%
Insurance Reserve	391,091	NR	NR	0.18%
Wells Fargo & Co	57	BBB+	A1	0.00%
Westdeutsche Landesbank	975,467	NR	NR	0.45%
Wilmington Trust, NA	23,625,602	A-	A2	10.87%
New York Life Fixed Dollar Account	906,845	NR	NR	0.42%
Petty cash and revolving fund	25,000	NR	NR	0.01%
Local Agency Investment Fund	149,870,854	NR	NR	68.96%
Investment Agreements				
Municipal bonds	254,775	AA	NR	0.12%
Corporate bonds	991,810	NR	Aaa	0.46%
	8,997,890	AA+	Aaa	4.14%
	1,008,490	AA+	Aaa	0.46%
Certificates of deposit	2,067,759	NR	NR	0.95%
New York Life	9,316,243	NR	NR	4.29%
Trust Deeds-Def Comp	5,898,601	NR	NR	2.71%
Total	<u>\$ 217,380,031</u>			<u>100.01%</u>

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 in the preceding table (see above).

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fair Value Measurement and Application

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The City had the following recurring fair value measurements as of June 30, 2021:

Investment Type	Total	Level 1	Level 2	Level 3
Investment Agreements				
Bonds	\$ 20,569,208	\$20,569,208	\$ -	\$ -
Certificates of deposit	2,067,759	-	2,067,759	-
Trust Deeds-Def Comp	5,898,601	-	-	5,898,601
	<u>28,535,568</u>	<u>\$20,569,208</u>	<u>\$ 2,067,759</u>	<u>\$ 5,898,601</u>

Investments Not Measured at Fair Value

Demand accounts at banks	8,028,797
Money Market at Rabobank	3,571,123
Deposits held in trust by fiscal agent	270,847
Money Market Funds	
Fidelity Investment MM Gov	801,802
Dreyfus Gov Cash Management	376,977
Capital GTY	1
Wells Fargo & Co	57
Westdeutsche Landesbank	975,467
Insurance Reserve	391,091
Wilmington Trust, NA	23,625,602
New York Life Fixed Dollar Account	906,845
Petty cash and revolving fund	25,000
Local Agency Investment Fund	<u>149,870,854</u>
Total Investments	<u>\$ 217,380,031</u>

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 70% to 50% depending on property type and condition, borrowers payment history, and term remaining on note.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

There have been no changes in the methods and assumptions used at June 30, 2021. 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.

5. Restricted Assets:

Cash and investments of \$1,394,568 are recorded as restricted assets at June 30, 2021 as follows:

Governmental Funds:	
Assessment District Debt Service - restricted to cover expenses of debt service	\$ 136,669
Debt service funds - restricted for debt service payments	619,329
Capital project funds - restricted for debt service payments	237,672
Enterprise Funds:	
Sanitary Sewer - restricted to cover expenses of debt service	6,807
Internal Service Fund:	
Restricted for insurance claims	394,091
Total Restricted Assets	<u>\$ 1,394,568</u>

6. Taxes Receivable:

Taxes receivable recorded in the General, Measure G & E Fund of \$19,528,443 represent amounts due for the quarter ended June 30, 2021 for the following taxes:

Sales Tax	\$ 6,867,679
Measure E Transaction and Use Tax	3,073,632
Measure G Transaction and Use Tax	6,158,362
Utility Users Tax	1,189,454
Franchise Tax	900,207
Transient Occupancy Tax	711,553
Other Taxes	577,356
Property Transfer Tax	50,200
Total	<u>\$ 19,528,443</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7. Assessment Receivable:

Debt Service Fund – Assessments receivable recorded in the Assessment District Debt Service Fund of \$8,970,000 at June 30, 2021, will be collected from property owners to retire outstanding bond principal issued for improvements in special assessment districts. Cash and investments at June 30, 2021 of \$2,409,999 are available to make bond and interest payments of \$850,929 that are due on September 1, 2021.

Assessment receivables in the amount of \$8,290,000 are not expected to be collected within the subsequent year.

8. Due From Outside Agencies:

Due from outside agencies consists of the following:

	Federal	State	Other	Total
Governmental Activities:				
General Fund:				
Welcome Center	\$ -	\$ -	\$ 75,000	\$ 75,000
Special Revenue Funds:				
CDBG Improvement Program	1,025,206	-	-	1,025,206
HOME Investment Program	516,170	-	-	516,170
Emergency Shelter Grant	1,474,847	-	-	1,474,847
Cable Franchise	-	-	44,797	44,797
CA Emergency Solutions & Housing	-	468,475	-	468,475
CA Highway Users Tax	-	379,844	-	379,844
CA STEP Grant	-	14,257	-	14,257
City of Pacific Grove	-	-	125,158	125,158
County of Monterey	-	29,766	1,781,849	1,811,615
Community Foundation of Monterey County	-	-	40,000	40,000
Department of Parks & Recreation	-	5,036	-	5,036
Department of Alcoholic Beverage Control	-	-	5,583	5,583
Office of Traffic Safety	77,287	-	-	77,287
Federal Drug Enforcement	16,083	-	-	16,083
SB1 Road Maintenance & Rehab	-	548,027	-	548,027
SB2 Permanent Local Housing Allocation	-	758,173	-	758,173
U.S. Department of Justice	53,806	-	-	53,806
U.S. Department of Treasury	203,485	-	-	203,485
	3,366,884	2,203,578	1,997,387	7,567,849

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	Federal	State	Other	Total
Capital Projects Funds:				
CA Department of Transportation	-	39,032	-	39,032
CA Office of Emergency Services	-	8,850	-	8,850
Developers	-	-	1,702,180	1,702,180
Federal ATP Grant	2,424,537	-	-	2,424,537
Federal Aviation Administration	420,412	-	-	420,412
Federal HSIP	181,208	-	-	181,208
Homeland Security-FEMA	121,794	-	-	121,794
Monterey County - RSTP	-	454,402	-	454,402
Monterey Bay Air Resource District	-	3,322	-	3,322
State Water Grant	-	74,701	-	74,701
Transportation Agency for Monterey County	-	8,006	-	8,006
	3,147,951	588,313	1,702,180	5,438,444
Primary Government Totals	\$6,514,835	\$2,791,891	\$3,774,567	\$13,081,293

9. Interfund Transactions:

Internal Balances

The composition of interfund balances (Due To/From) as of June 30, 2021 was as follows:

Due From:	Due to Governmental Activities			Total
	General	Capital Projects	Internal Service	
Governmental Activities:				
Major Funds:				
General, Measure G & E	\$ -	\$ 428,343	\$ 16,831,462	\$17,259,805
Special Construction Assistance	1,559,892	-	-	1,559,892
Non-Major Funds:				
Special revenue				
Lighting, Landscape & Maintenance	51,188	93	-	51,281
Development Fee	269	121,942	-	122,211
Gas Tax	-	1,295	-	1,295
Emergency Medical Services	-	-	-	-
Traffic Safety	15,133	-	-	15,133
Measure X Transport Safety & Inv Plan	-	783,795	-	783,795
SB1 Road Maintenance & Rehab	-	-	-	-
Comm Dev Act of 1974	3,038,264	13,150	-	3,051,414
Grants	372,826	-	-	372,826
Debt Service				
Assessment District Administration	2,178	-	-	2,178
2019 Spec Tax Bond Monte Bella	5,280	-	-	5,280
Capital Projects				
2019 Spec Tax Bond Monte Bella	214,310	-	-	214,310
Total Governmental Activities	5,259,340	1,348,618	16,831,462	23,439,420

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

<u>Due From:</u>	<u>Due to Governmental Activities</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Internal Service</u>	
Business Type Activities:				
Industrial Waste	-	2,653	-	2,653
Municipal Golf Courses	281,839	-	-	281,839
Sanitary Sewer	-	717,981	-	717,981
Downtown Parking District	1,535,178	-	-	1,535,178
Permit Services	-	10,841	-	10,841
Total Business Type Activities	<u>1,817,017</u>	<u>731,475</u>	<u>-</u>	<u>2,548,492</u>
Total Primary Government	<u>\$ 7,076,357</u>	<u>\$ 2,080,093</u>	<u>\$ 16,831,462</u>	<u>\$25,987,912</u>

The composition of long-term advances to/from other funds as of June 30, 2021 was as follows:

<u>Advances Due From:</u>	<u>Advances Due To</u>	
	<u>Governmental Activities</u>	
	<u>General Fund</u>	
Business Type Activities:		
Golf Course	\$	4,200,000
Downtown Parking		<u>2,785,000</u>
Total Business Type Activities		<u>6,985,000</u>
Total Primary Government	\$	<u>6,985,000</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Interfund Transfers – Interfund transfers are legally authorized transfers between funds in which one fund is responsible for the initial receipt of funds and another fund is responsible for the actual disbursements. The composition of interfund balances as of June 30, 2021 was as follows:

	Operating Transfers In	Operating Transfers Out	Transfers For:
			Capital projects, debt service, & other operating costs
General Fund	\$ 6,096,486	\$23,684,887	
Special Revenue Funds:			
Lighting, Landscape & Maintenance	-	25,652	Capital projects & debt service
Local Public Safety	-	311,973	Capital projects
Development Fee	-	619,898	Capital projects
Gas Tax	-	2,694,733	Capital projects & street maintenance
Emergency Medical Services	1,015,300	8,112	Capital projects & operating costs
Traffic Safety	-	250,000	Operating costs
Vehicle Abatement Program	50,000	-	Operating costs
Contributions & Donations	-	2,185	Operating costs
Measue X Transport Safety & Inv Plan	-	4,380,893	Capital projects
SB1 Road Maintenance & Rehab	-	542,377	Capital projects
Affordable Housing	-	229,492	Operating costs
Housing and Urban Development	13,271	365,383	Grant projects
Grants	29,048	3,016	Grant projects
CARES Act	-	2,002,977	Operating costs
	<u>1,107,619</u>	<u>11,436,691</u>	
Debt Service Funds:			
2018 Lease-PS Building Police	4,739,701	-	Debt Service
COP 2018B T.R.I.P	2,338,575	-	Debt Service
2018 Lease-El Gabilan Library	792,443	-	Debt Service
2019 Spec Tax Bond Monte Bella 2	402,870	-	Debt Service
Refund Bonds Series 2020A-Energy	995,905	-	Debt Service
Refund Bonds Series 2020A-SVSWA	692,835	-	Debt Service
	<u>9,962,329</u>	<u>-</u>	
Capital Projects Funds:			
2019 Spec Tax Bond Monte Bella	-	960,062	Capital projects
Capital Project	9,734,146	-	Capital projects
	<u>9,734,146</u>	<u>960,062</u>	
Internal Service Funds:			
Workers Compensation-Self Insurance	1,000,000	-	Operating costs
General Liability-Self Insurance	2,661,300	-	Operating costs
Fleet Maintenance	1,995,400	-	Operating costs
	<u>5,656,700</u>	<u>-</u>	
Total Governmental Activities	<u>32,557,280</u>	<u>36,081,640</u>	
Enterprise Funds:			
Airport	448,021	51,062	Capital projects & debt service
Industrial Waste	90,546	69,646	Capital projects, operating & debt service
Sanitary Sewer	929,501	342,156	Capital projects
Storm Sewer	3,428,048	-	Capital projects & operating costs
Landfill Garbage Surcharge	-	692,835	Debt Service
Downtown Parking District	-	21,608	Debt Service
Permit Services	-	194,449	Capital projects
Total Business Type Activities	<u>4,896,116</u>	<u>1,371,756</u>	
Total Governmental & Business Activities	<u>\$37,453,396</u>	<u>\$37,453,396</u>	

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

10. Loans Receivable, Net of Allowance:

At June 30, 2021, receivables of the City's major individual funds and non-major funds taken in aggregate, including the applicable allowance for uncollectible accounts are as follows:

Type of Loan	CDBG	Low & Moderate Income Housing Asset	Total Governmental Activities	Fiduciary Funds
Loans funded by federal grants	\$22,723,286	\$ -	\$ 22,723,286	\$ -
Economic development real estate developer and other loans	-	10,075,821	10,075,821	173,900
Less: Allowance for Uncollectibles	(22,534,475)	(10,059,250)	(32,593,725)	-
Total loans, net	<u>\$ 188,811</u>	<u>\$ 16,571</u>	<u>\$ 205,382</u>	<u>\$ 173,900</u>

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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

11. Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Additions	Adjustments/ Retirements	Balance June 30, 2021
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 25,899,986	\$ -	\$ -	\$ 25,899,986
Construction in progress	136,718,778	25,874,968	(2,697,264)	159,896,482
Total assets not being depreciated	<u>162,618,764</u>	<u>25,874,968</u>	<u>(2,697,264)</u>	<u>185,796,468</u>
Capital assets, being depreciated:				
Buildings and improvements	46,337,340	-	-	46,337,340
Improvements other than buildings	15,766,022	-	-	15,766,022
Machinery and equipment	40,737,724	1,600,682	(204,472)	42,133,934
Infrastructure	248,460,395	4,011,316	2,697,264	255,168,975
Total assets being depreciated	<u>351,301,481</u>	<u>5,611,998</u>	<u>2,492,792</u>	<u>359,406,271</u>
Less accumulated depreciation	<u>(229,238,287)</u>	<u>(10,619,865)</u>	<u>204,472</u>	<u>(239,653,680)</u>
Total capital assets being depreciated, net	<u>122,063,194</u>	<u>(5,007,867)</u>	<u>2,697,264</u>	<u>119,752,591</u>
Governmental Activities				
Capital assets, net	<u>\$ 284,681,958</u>	<u>\$ 20,867,101</u>	<u>\$ -</u>	<u>\$ 305,549,059</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 3,632,339	\$ -	\$ -	\$ 3,632,339
Construction in progress	4,467,942	791,500	-	5,259,442
Total assets not being depreciated	<u>8,100,281</u>	<u>791,500</u>	<u>-</u>	<u>8,891,781</u>
Capital assets, being depreciated:				
Buildings and improvements	27,523,054	-	-	27,523,054
Improvements other than buildings	26,708,254	-	-	26,708,254
Machinery and equipment	8,433,051	1,419,413	(519,835)	9,332,629
Infrastructure	237,130,928	557,192	-	237,688,120
Total assets being depreciated	<u>299,795,287</u>	<u>1,976,605</u>	<u>(519,835)</u>	<u>301,252,057</u>
Less accumulated depreciation	<u>(193,978,956)</u>	<u>(6,299,348)</u>	<u>519,835</u>	<u>(199,758,469)</u>
Total capital assets being depreciated, net	<u>105,816,331</u>	<u>(4,322,743)</u>	<u>-</u>	<u>101,493,588</u>
Business-type Activities				
Capital assets, net	<u>\$ 113,916,612</u>	<u>\$ (3,531,243)</u>	<u>\$ -</u>	<u>\$ 110,385,369</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government	\$ 550,366
Police	1,764,645
Fire	1,213,262
Public works, including infrastructure assets	6,070,184
Recreation and parks	890,634
Library	<u>130,774</u>
Total depreciation expense - governmental activities	<u>\$ 10,619,865</u>
Business-type activities:	
Airport	\$ 979,574
Industrial waste	522,166
Municipal golf courses	49,905
Sanitary sewer	1,490,721
Storm sewer	2,659,500
Water utility	10,044
Downtown parking	575,865
Permit Services	<u>11,573</u>
Total depreciation expense - business-type activities	<u>\$ 6,299,348</u>

12. Land and Properties Held for Resale:

Land and properties held for resale consisted of the following at June 30, 2021:

<u>Special Revenue Fund</u>	
137, 145 & 151 Division Street	<u>\$ 850,000</u>
<u>Affordable Housing Fund - Central City Housing</u>	
17 & 19 Soledad Street	370,693
9 & 11 Soledad Street	<u>129,738</u>
	<u>500,431</u>
<u>Affordable Housing Fund -Sunset Avenue Merged Housing</u>	
115 Division Street	335,947
123 Division Street	300,000
923 E. Market Street	<u>521,175</u>
	<u>1,157,122</u>
Total Land and Properties Held for Resale	<u>\$ 2,507,553</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

13. 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 MissionSquare Retirement and the Plan had 406 participants and a balance of \$60,304,589 at June 30, 2021. 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, 2021 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 216 participants and a balance of \$6,316,759 in net assets at June 30, 2021. 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, 2021.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

As of June 30, 2021, 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 85 participants with a balance at June 30, 2021 is \$6,510,420. 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 32 participants with a balance of \$3,973,785 at June 30, 2021. All employees are eligible to participate through voluntary salary deductions. The assets for this plan are not reported on the City's financial statements.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

14. Retirement Programs:

I. Defined Benefit Pension Plans

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, 2021, 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.

The City's net pension liability as of June 30, 2021 is as follows (recorded as of the measurement date of June 30, 2020 and August 31, 2020):

Net Pension Liability	Governmental Activities	Business-type Activities	Total Net Pension Liability
CalPERS pension plans:			
Agent Multiple-Employer Miscellaneous	\$ 28,343,820	\$ 4,168,020	\$ 32,511,840
Agent Multiple-Employer Safety-Police	118,427,421	-	118,427,421
Cost Sharing Multiple-Employer			
Safety - Fire (Tier 1 & Tier 2)	52,635,552	-	52,635,552
New York Life - Single Employer	7,979,159	-	7,979,159
Total net pension liability	<u>\$207,385,952</u>	<u>\$ 4,168,020</u>	<u>\$ 211,553,972</u>

The City's deferred outflows of resources related to pensions as of June 30, 2021 is as follows (recorded as of the measurement date of June 30, 2020 and August 31, 2020):

Deferred Outflows of Resources	Governmental Activities	Business-type Activities	Total Deferred Outflows
CalPERS pension plans:			
Agent Multiple-Employer Miscellaneous	\$ 7,041,487	\$ 1,035,467	\$ 8,076,954
Agent Multiple-Employer Safety-Police	18,026,642	-	18,026,642
Cost Sharing Multiple-Employer			
Safety - Fire (Tier 1 & Tier 2)	14,280,924	-	14,280,924
New York Life - Single Employer	5,649,988	-	5,649,988
Total deferred outflows of resources	<u>\$ 44,999,041</u>	<u>\$ 1,035,467</u>	<u>\$ 46,034,508</u>

The City's deferred inflows of resources related to pensions as of June 30, 2021 is as follows (recorded as of the measurement date of June 30, 2020 and August 31, 2020):

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Deferred Inflows of Resources	Governmental Activities	Business-type Activities	Total Deferred Inflows
CalPERS pension plans:			
Agent Multiple-Employer Miscellaneous	\$ 237,320	\$ 34,900	\$ 272,220
Agent Multiple-Employer Safety-Police	186,762	-	186,762
Cost Sharing Multiple-Employer Safety - Fire (Tier 1 & Tier 2)	4,675,815	-	4,675,815
New York Life - Single Employer	211,820	-	211,820
Total deferred inflows of resources	<u>\$ 5,311,717</u>	<u>\$ 34,900</u>	<u>\$ 5,346,617</u>

The City's total pension expenses for the fiscal year 2020-2021, including employee contributions, normal costs and annual amortization of prior service is as follows:

Pension Expense	Governmental Activities	Business-type Activities	Total Pension Expense
CalPERS pension plans:			
Agent Multiple-Employer Miscellaneous	\$ 5,761,878	\$ 847,296	\$ 6,609,174
Agent Multiple-Employer Safety-Police	19,081,616	-	19,081,616
Cost Sharing Multiple-Employer Safety - Fire (Tier 1 & Tier 2)	9,090,818	-	9,090,818
New York Life - Single Employer	1,636,569	-	1,636,569
Total pension expense	<u>\$ 35,570,881</u>	<u>\$ 847,296</u>	<u>\$ 36,418,177</u>

A. California Public Employees Retirement System

Agent Multiple-Employer Defined Benefit Pension Plan

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.

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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The City's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	*Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.45%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.00%
Required employer contribution rates	9.05%	9.04%

	Police	
	*Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement age	50	52-57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	13.50%
Required employer contribution rates	23.21%	23.21%

**Plan is closed to new members. Miscellaneous and Safety (Police) members that were CalPERS participants before January 1, 2013, with no break in service over six months, may continue in the plan.*

Employees Covered – As of June 30, 2019 (valuation date), the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Police
Inactive employees or beneficiaries currently receiving benefits	176	266
Inactive employees entitled to, but not yet receiving benefits	264	111
Active employees	285	155

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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Actuarial Methods and Assumptions used to determine Total Pension Liability - The June 30, 2019 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, 2019
Measurement Date	▪ June 30, 2020
Actuarial Cost Method	▪ Entry Age Normal
Actuarial Assumptions	
Discount Rate	▪ 7.15%
Inflation	▪ 2.50%
Salary Increases	▪ Varies by Entry Age and Service
Mortality (1)	▪ Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.50% until Purchasing Power
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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Asset class (a)	New Strategic Allocation	Real Return Years 1-10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period

(c) An expected inflation of 2.92% used for this period

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 investment

- 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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2020 measurement date are 4.3 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.

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:

Agent Multiple-Employer Defined Benefit Plan - Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2019 (MD)	\$ 125,694,950	\$ 91,773,349	\$ 33,921,601
Changes Recognized for the Measurement Period:			
Service Cost	3,162,904	-	3,162,904
Interest on Total Pension Liability	8,959,786	-	8,959,786
Differences between Expected and Actual Experience	588,822	-	588,822
Net Plan to Plan Resource Movement	-	383,290	(383,290)
Contributions - Employer	-	7,793,322	(7,793,322)
Contributions - Employees	-	1,411,627	(1,411,627)
Net Investment Income	-	4,662,415	(4,662,415)
Benefit Payments, including			
Refunds of Employee Contributions	(5,107,076)	(5,107,076)	-
Administrative Expense	-	(129,381)	129,381
Net Changes during 2019-20	7,604,436	9,014,197	(1,409,761)
Balance at: 6/30/2020 (MD)	\$ 133,299,386	\$ 100,787,546	\$ 32,511,840

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Agent Multiple-Employer Defined Benefit Plan - Safety (Police) Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2019 (MD)	\$ 310,996,624	\$ 200,863,252	\$ 110,133,372
Changes Recognized for the Measurement Period:			
Service Cost	6,156,433	-	6,156,433
Interest on Total Pension Liability	22,017,085	-	22,017,085
Differences between Expected and Actual Experience	1,696,481	-	1,696,481
Net Plan to Plan Resource Movement	-	(383,290)	383,290
Contributions - Employer	-	10,297,024	(10,297,024)
Contributions - Employees	-	1,946,146	(1,946,146)
Net Investment Income	-	9,999,235	(9,999,235)
Benefit Payments, including			
Refunds of Employee Contributions	(15,680,099)	(15,680,099)	-
Administrative Expense	-	(283,165)	283,165
Other Miscellaneous Income/Expense	-	-	-
Net Changes during 2019-20	14,189,900	5,895,851	8,294,049
Balance at: 6/30/2020 (MD)	<u>\$ 325,186,524</u>	<u>\$ 206,759,103</u>	<u>\$ 118,427,421</u>
Totals of Both Miscellaneous and Safety Plans	<u>\$ 458,485,910</u>	<u>\$ 307,546,649</u>	<u>\$ 150,939,261</u>

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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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:

	<u>Miscellaneous</u>	<u>Police</u>	<u>Total</u>
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 51,095,337	\$ 163,241,614	\$ 214,336,951
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 32,511,840	\$ 118,427,421	\$ 150,939,261
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 17,173,853	\$ 81,770,975	\$ 98,944,828

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2020 (the measurement date), the City of Salinas recognized a pension expense of \$25,690,790 for the miscellaneous and safety (police) plans.

For the measurement period ending June 30, 2020 (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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Plan Contributions Subsequent to Measurement Date	\$ 15,903,861	\$ -
Differences between Expected and Actual Experience	7,012,833	-
Changes of Assumptions	709,787	458,982
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,477,115	-
	<u>\$ 26,103,596</u>	<u>\$ 458,982</u>

\$15,903,861 reported as deferred outflows of resources to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Measurement Period Ended June 30:	Deferred (Inflows) of Resources
2022	\$ 3,501,530
2023	2,736,998
2024	2,209,688
2025	1,292,537
2026	-
Thereafter	-
Total	\$ 9,740,753

Cost-Sharing Multiple Employer Defined Benefit Pension 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, 2021, are summarized as follows:

Hire Date	Fire Tier 1	
	*Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement age	50	52-57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	13.75%
Required employer contribution rates	25.54%	13.89%

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Hire Date	Fire Tier 2	
	*Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 55	2.5% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement age	55	52-57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	13.25%
Required employer contribution rates	22.40%	13.20%

**Plan is closed to new members. Safety (Fire Tier 1 & Tier 2) members that were CalPERS participants before January 1, 2013, with no break in service over six months, may continue in the plan.*

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 plan were as follows:

Measurement Date	6/30/2020
Fiscal Year	2020/21
Safety Plan (Fire)	\$ 5,708,092
Total Contributions	\$ 5,708,092

Pension Liabilities, Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions – As of June 30, 2021, the City reported net pension liabilities for its proportionate share of the net pension liability as of June 30, 2021 and 2020 were as follows:

Fiscal Year Ending	Proportionate Share of Net Pension Liability/(Asset)
	June 30, 2021
Safety Plan (Fire)	\$ 52,635,552
Total Net Pension Liability	\$ 52,635,552

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The City of Salinas' net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using the standard update procedures. The City of Salinas' 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 June 30, 2021 and 2020 were as follows:

Fiscal Year Measurement Date	Percentage Share of Risk Pool		Change:
	6/30/2021	6/30/2020	Increase/(Decrease)
Percentage of Plan (PERF C) NPL	0.483764%	0.467722%	0.016042%

For the year ended June 30, 2021 (measurement date June 30, 2020), the City of Salinas recognized a pension expense of \$9,090,818 for the Safety Plan (Fire).

As of June 30, 2021 the City of Salinas reports deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 4,081,621	\$ -
Changes of Assumptions	-	175,330
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	1,143,992	-
Change in Employer's Proportion	958,807	2,422,119
Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	2,388,412	2,078,366
Pension Contributions Subsequent to Measurement Date	5,708,092	-
Total	\$ 14,280,924	\$ 4,675,815

\$5,708,092 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, 2022.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Measurement Period Ended June 30:	Deferred (Inflows) of Resources
2022	\$ 699,435
2023	1,423,119
2024	1,201,258
2025	573,205
2026	-
Thereafter	-
Total	\$ 3,897,017

Actuarial Methods and Assumptions used to determine Total Pension Liability - The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liability, based on the following actuarial methods and assumptions:

- | | |
|----------------------------------|--|
| Actuarial Cost Method | <ul style="list-style-type: none"> ▪ Entry Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions | |
| Discount Rate | ▪ 7.15% |
| Inflation | ▪ 2.50% |
| Salary Increases | ▪ Varies by Entry Age and Service |
| Mortality Rate | ▪ Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERSspecific 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 |

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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

Asset class (a)	New Strategic Allocation	Real Return Years 1-10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period

(c) An expected inflation of 2.92% used for this period

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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:

Safety Plan (Fire)	Measurement Date June 30, 2020		
	Discount Rate		
	6.15% (1% Decrease)	7.15% (Current Rate)	8.15% (1% Increase)
Net Pension Liability	\$ 78,079,817	\$ 52,635,552	\$ 31,756,125

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

B. New York Life Retirement Plan

Single- Employer Defined Benefit Pension 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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$5,470,346 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, 2019 (valuation date), the following employees were covered by the benefit terms for the single-employer defined benefit pension plan:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	7
Active employees	9
Total	60

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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

document for personnel of the SEIU Blue Collar bargaining group, the City will contribute (pick-up) four and one-half percent of the employee retirement contribution.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – As of June 30, 2021 (Measurement Date - August 31, 2020), the City reported net pension liability as follows:

Measurement Date	<u>8/31/2020</u>
Total Pension Liability (TPL)	\$ 13,890,599
Fiduciary Net Position (FNP)	<u>5,911,440</u>
Net Pension Liability (NPL)	<u>\$ 7,979,159</u>
Funded Status (FNP/TPL)	42.6%

The City's net pension liability is measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 1, 2019.

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:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> (a)	<u>Plan Fiduciary Net Position</u> (b)	<u>Net Pension Liability</u> (c) = (a) - (b)
Balance at: 8/31/19 (MD)	<u>\$ 21,277,868</u>	<u>\$ 6,634,458</u>	<u>\$ 14,643,410</u>
Changes Recognized for the Measurement Period:			
Service Cost	325,385	-	325,385
Interest	506,095	-	506,095
Assumption changes	907,299	-	907,299
Contributions - Employer	-	8,030,028	(8,030,028)
Contributions - Employees	-	52,751	(52,751)
Net Investment Income	-	338,833	(338,833)
Benefit Payments, including refunds	(9,126,048)	(9,126,048)	-
Administrative Expense	-	(18,582)	18,582
Net Changes	<u>(7,387,269)</u>	<u>(723,018)</u>	<u>(6,664,251)</u>
Balance at: 8/31/20 (MD)	<u>\$ 13,890,599</u>	<u>\$ 5,911,440</u>	<u>\$ 7,979,159</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 2.20 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 (1.20 percent) or 1 percentage-point higher (3.20 percent) than the current rate:

	Measurement Date August 31, 2020		
	Discount		
	1.20%	2.20%	3.20%
	(1% Decrease)	(Current Rate)	(1% Increase)
Net Pension Liability	\$ 9,398,583	\$ 7,979,159	\$ 6,827,406

For the year ended June 30, 2021 (measurement date August 31, 2020), the City of Salinas recognized a pension expense of \$1,636,569.

As of June 30, 2021 the City of Salinas reports deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	\$ -	\$ 211,820
Plan Contributions Subsequent to Measurement Date	5,649,988	-
	<u>\$ 5,649,988</u>	<u>\$ 211,820</u>

\$5,649,988 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, 2022.

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

Fiscal Year Ended June 30:	Deferred Outflow/(Inflows) of Resources
2022	\$ 42,470
2023	(99,529)
2024	(111,495)
2025	(43,266)
Total	<u>\$ (211,820)</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Actuarial Methods and Assumptions used to determine Total Pension Liability - For the measurement period ended August 31, 2020 (measurement date), the total pension liability was determined by using the following actuarial assumptions, applied to all periods included in the measurement:

Significant Actuarial Assumptions Used	
Valuation Date	▪ September 1, 2019
Measurement Date	▪ August 31, 2020
Contribution Policy	▪ City contributes full ADC
Actuarial Assumptions	
Discount Rate and long-term expected rate of return on assets	<ul style="list-style-type: none"> ▪ 2.20% at August 31, 2020 ▪ 2.97% at August 31, 2019 ▪ Discount rate lower of (1) expected long-term rate of return on investments, and (2) Bond Buyer 20- Bond GO Index as of the Measurement Date
Long-Term Expected Rate of Return on Investments	▪ 3.40%
General Inflation	▪ 2.25%
Mortality	▪ CalPERS 1997-2015 Experience Study
Mortality Improvement	▪ Post-retirement mortality projected fully generational with Scale MP-2019
Salary Increases	<ul style="list-style-type: none"> ▪ Aggregate - 2.5% annually ▪ Merit - CalPERS 1997-2015 Experience Study
Retirement	▪ 100% retire once the retirement benefit reaches 70% of the Average Monthly Compensation
Disability, termination	▪ None
Benefit form for current actives	<ul style="list-style-type: none"> ▪ Disability - Annuity for all participants ▪ Lump sum for all other participants, valued using UP-1984 Mortality Table with 1% interest rate
New York Life Guaranteed Annuity Contract	▪ Value of payments expected to be made under contract excluded from TPL (contract assets not included in Fiduciary Net Position)

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Changes Since Prior Measurement Date – The following changes were applied since the prior measurement date of August 31, 2020.

- | | |
|--------------------------|---|
| 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 2.20%. 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.

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

Asset Class Component	Target Allocation	Expected Rate of Return
Fixed Income	100.00%	1.47%
<i>Assumed Long-Term Rate of Inflation</i>		2.25%
<i>Expected Long-Term Rate of Return, Rounded</i>		3.40%

Pension Plan Fiduciary Net Position- Detailed information about the pension plan’s fiduciary net position as of August 31, 2020 is as follows:

New York Life	
Assets	
New York Life Fixed Dollar Account	\$ 634,129
New York Life Main Stay Total Return Bond Fund	5,291,013
Total investments	5,925,142
Liabilities	
Accrued expenses	13,702
Fiduciary Net Positon	\$ 5,911,440

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

II. Defined Contribution Pension Plans

A. ICMA Retirement Corporation Defined Contribution Plan

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, 2021, there were 10 participants receiving a total of \$124,717 in this form of benefit while there were 2 participants in the ICMA 401(a) money Purchase Plan with a City annual contribution was \$25,128 while the employees had an equal mandatory matching contribution of \$20,128.

15. Post Employment Benefits Other Than Pensions (OPEB):

A. General Information about the OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
Fiscal Year End	June 30, 2021

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 post-employment 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, 2021
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 PEPPRA 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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Employees Covered: As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the PEMHCA and Union Sponsor Plans:

June 30, 2021 Fiscal Year End June 30, 2020 Measurement Date	Number of Covered Participants
Inactive employees currently receiving benefits	144
Inactive employees entitled to, but not yet receiving benefits	352
Actives employees	501
Total employees	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, 2021, the City's cash contributions were \$288,749 in premium payments made on behalf of retirees, \$250,000 payments to the trust, implied subsidy payments of \$416,000, and administrative expenses of \$4,369, resulting in total payments of \$959,007.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.04%. 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/Strategy	Target Allocation*	Expected Real Rate of Return
Measurement Date	6/30/20	6/30/20
Global equity	59%	4.82%
Fixed income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Assumed long-term rate of inflation		2.75%
Expected long-term net rate of return, rounded		6.75%

* Policy target effective October 1, 2018

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

B. Net OPEB Liabilities, Expense, and Deferred Outflows/Inflows of Resources

Net OPEB Liability: As of the June 30, 2020 measurement date, was as follows:

Fiscal Year Ended Measurement Date	6/30/2021 6/30/2020
Total OPEB liability (TOL)	\$ 27,819,852
Fiduciary net position (FNP)	3,058,247
Net OPEB liability (NOL)	\$ 24,761,605
Funded status (FNP/TOL)	11.0%

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

Changes in Net OPEB Liability	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 21,673,870	\$ 2,707,053	\$ 18,966,817
Changes for the year:			
Service Cost	1,169,996	-	1,169,996
Interest	974,493	-	974,493
Changes of benefit terms	-	-	-
Actual vs. expected experience	-	-	-
Assumption changes	4,678,007	-	4,678,007
Contributions - employer*	-	931,063	(931,063)
Contributions - employee	-	-	-
Net investment income	-	102,633	(102,633)
Benefit payments and refunds*	(676,514)	(676,514)	-
Administrative Expenses	-	(5,988)	5,988
Net Changes	6,145,982	351,194	5,794,788
Balance at June 30, 2021 (Measure Date June 30, 2020)	\$ 27,819,852	\$ 3,058,247	\$ 24,761,605

* Includes \$250,000 City contribution to trust, and \$297,514 cash benefit payments and \$379,000 Implied Subsidy benefit payments (both paid outside of trust).

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 (3.04%) in measuring the Net OPEB Liability.

	Discount Rate		
	2.04%	3.04%	4.04%
	(1% Decrease)	(Current Rate)	(1% Increase)
Net OPEB liability	\$ 29,472,179	\$ 24,761,605	\$ 21,023,102

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, 2020:

	Healthcare Trend Rate		
	(1% Decrease)	(Current Trend)	(1% Increase)
Net OPEB liability	\$20,272,993	\$ 24,761,605	\$30,637,638

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,954,628.

As of fiscal year ended June 30, 2021, 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
Differences between expected and actual experience	\$ -	\$ 3,218,456
Changes of assumptions	5,280,644	1,438,280
Net differences between projected and actual earnings on plan investment	67,548	-
Employer contributions after measurement date*	959,007	-
Total	\$ 6,307,199	\$ 4,656,736

* Includes \$250,000 contributions to trust, \$288,749 cash benefit payments, \$4,258 administrative expenses, and \$416,000 implied subsidy benefit payments.

Deferred outflows of resources in the amount of \$959,007 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, 2022.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Fiscal Year ended June 30:	Deferred Deferred (Inflows) of Resources
2022	\$ (964,035)
2023	(16,027)
2024	(20,573)
2025	(17,024)
2026	2,224
Thereafter	(635,028)
Total	\$ (1,650,463)

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.

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 Assumptions	Measurement Date 06/30/2020
Actuarial valuation	<ul style="list-style-type: none"> ▪ June 30, 2019
Contribution policy	<ul style="list-style-type: none"> ▪ City contributes \$250,000 annually, and pays benefit payments outside of trust.
Discount rate	<ul style="list-style-type: none"> ▪ 3.04% at June 30, 2020 ▪ 4.33% at June 30, 2019
Municipal Bond Rate	<ul style="list-style-type: none"> ▪ 3.04% at June 30, 2020 (Bond Buyer 20-bond Index) ▪ 3.50% at June 30, 2019 (Bond Buyer 20-bond Index)
Expected long-term rate of return on investment	<ul style="list-style-type: none"> ▪ 6.75%
General inflation	<ul style="list-style-type: none"> ▪ 2.75% per annum

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Actuarial Assumptions	Measurement Date 06/30/2020
Mortality, retirement, disability, termination	<ul style="list-style-type: none"> ▪ CalPERS 1997-2015 experience study
Mortality Improvement	<ul style="list-style-type: none"> ▪ Mortality projected fully generational with Scale MP-2019
Salary increases	<ul style="list-style-type: none"> ▪ Aggregate - 3% annually ▪ Merit - CalPERS 1997-2015 experience study
Medical trend	<ul style="list-style-type: none"> ▪ Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 ▪ Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
PEMHCA minimum increases	<ul style="list-style-type: none"> ▪ 4.25% annually
Cap increases	<ul style="list-style-type: none"> ▪ None
Healthcare participation	<ul style="list-style-type: none"> ▪ 100% for Safety \$100 benefit ▪ 50% for PEMHCA benefit if covered as active ▪ 5% for PEMHCA benefit if waived as active

Changes Since Prior Measurement Date – The following changes were applied since the prior measurement date of August 31, 2020.

Change in assumptions	<ul style="list-style-type: none"> ▪ Discount rate was updated based on municipal bond rate as of the measurement date and crossover test
Change in benefit terms	<ul style="list-style-type: none"> ▪ None

16. 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, 2021 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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

- Worker’s Compensation insurance liability of \$26,656,171 includes \$21,324,937 for claims incurred but not paid and \$5,331,234 for claims incurred but not reported which is based on expected claims and past claims history. At June 30, 2021, Worker’s Compensation Insurance liability of \$26,656,171 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, 2021 is \$24,873,941 and is reported in the Internal Service Fund and \$1,782,230 is treated as general long-term debt.
- General liability insurance liability at June 30, 2021 of \$3,157,700 that is reported in the Internal Service Fund includes \$2,081,480 for claims incurred but not paid and \$1,076,220 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 \$2,497,985 at June 30, 2021 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, 2021.

Changes to the claims liability for fiscal year ended June 30, 2021 are as follows:

	<u>Workers Compensation</u>	<u>General Liability</u>
Beginning balance of claims liability	\$ 21,666,852	\$ 6,543,544
Less beginning provision for incurred but not reported claims	(4,333,370)	(907,540)
Beginning provisions for incurred but not paid claims	17,333,482	5,636,004
Increase (decrease) in claims incurred and reported	10,195,115	(326,109)
Claims expenses paid	(6,203,660)	(3,228,415)
Ending balance provision for incurred but not paid claims	21,324,937	2,081,480
Provisions for incurred but not reported claims	5,331,234	1,076,220
Ending balance of claims liability	<u>\$ 26,656,171</u>	<u>\$ 3,157,700</u>

17. Lease Obligations:

Operating Leases as Lessee – The City has commitments under various long-term operating lease agreements requiring annual rental payments, which are described as follows:

Governmental Activities – The City has ongoing commitments under operating lease agreements for business equipment, and office facilities necessary for City operations, which expire at various dates through 2026. Each governmental fund includes the expenditures related to such lease agreements. There are both cancelable and non-cancelable lease agreements. Rental expenditures reported by the General Fund and other governmental funds under these operating lease agreements for the fiscal year ended June 30, 2021 amounted to \$379,432.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The future minimum lease payments anticipated under the existing lease commitments as of June 30, 2021 are as follows:

<u>Year Ended June 30,</u>	
2022	\$ 169,399
2023	159,353
2024	119,300
2025	90,548
2026	<u>82,548</u>
	<u>\$ 621,148</u>

18. Long Term Debt:

The following is a summary of Long-Term Debt transactions for the fiscal year ended June 30, 2021:

	<u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
Direct Placement and Borrowing					
Capital Leases	\$ 88,522,299	\$ -	\$ 22,544,868	\$ 65,977,431	\$ 4,067,280
Certificates of Participation					
Series B-2015	4,845,000	-	4,845,000	-	-
TRIP 2018B	36,820,000	-	710,000	36,110,000	740,000
Series 2020A-Energy (2014)	-	16,190,000	540,000	15,650,000	865,000
Series 2020A-SVSWA (2015B)	-	4,440,000	580,000	3,860,000	525,000
Bond Premium/(Discount)					
TRIP 2018B	3,930,169	-	373,986	3,556,183	354,864
TRIP 2018B	(357,479)	-	(13,240)	(344,239)	(13,240)
Series 2020A-Energy (2014)	-	3,230,127	248,471	2,981,656	248,471
Series 2020A-SVSWA (2015B)	-	561,244	70,155	491,089	70,155
Total Certificates of Participation	<u>45,237,690</u>	<u>24,421,371</u>	<u>7,354,372</u>	<u>62,304,689</u>	<u>2,790,250</u>
Assessment District Bonds					
Assessment District 2017 Act Bonds	2,140,000	-	580,000	1,560,000	590,000
CFD Monte Bella-2019 #1	2,675,000	-	50,000	2,625,000	50,000
CFD Monte Bella-2019 #2	2,090,000	-	-	2,090,000	40,000
CFD Monte Bella-2019 #3	-	2,695,000	-	2,695,000	-
Bond Premium					
CFD Monte Bella-2019 #1	74,934	-	2,498	72,436	2,498
CFD Monte Bella-2019 #2	203,920	-	-	203,920	7,032
CFD Monte Bella-2019 #3	-	242,947	-	242,947	-
Total Assessment District Bonds	<u>7,183,854</u>	<u>2,937,947</u>	<u>632,498</u>	<u>9,489,303</u>	<u>689,530</u>
Annual Leave	<u>11,424,225</u>	<u>974,934</u>	<u>23,233</u>	<u>12,375,926</u>	<u>2,475,185</u>
Insurance claims	<u>28,210,396</u>	<u>29,813,871</u>	<u>28,210,396</u>	<u>29,813,871</u>	<u>-</u>
Total Governmental Activities	<u>180,578,464</u>	<u>58,148,123</u>	<u>58,765,367</u>	<u>179,961,220</u>	<u>10,022,245</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	June 30, 2020	Increases	Decreases	June 30, 2021	Due Within One Year
Business-type Activities					
Direct Placement and Borrowing					
Capital Leases:					
Monterey Parking Garage 2014	10,141,000	-	551,000	9,590,000	578,000
Street Sweeper	225,528	-	112,361	113,167	55,866
Fire Engine	30,238	-	30,238	-	-
Total Capital Leases	10,396,766	-	693,599	9,703,167	633,866
HUD Section 108 Loan	2,395,000	-	442,000	1,953,000	460,000
Total Direct Placement and Borrowing	12,791,766	-	1,135,599	11,656,167	1,093,866
Bonds Payable:					
Certificates of Participation					
Series A-2015	2,940,000	-	2,940,000	-	-
Series A-2008	4,280,000	-	4,280,000	-	-
Series 2020A-Twin Creeks (2015A)	-	2,715,000	385,000	2,330,000	355,000
Series 2020B (Fairways 2008)	-	4,040,000	110,000	3,930,000	100,000
Bond Premium - 2020A-Twin Creeks	-	317,432	45,347	272,085	45,347
Total Certificates of Participation	7,220,000	7,072,432	7,760,347	6,532,085	500,347
Sanitary Sewer Revenue Bonds - 2012	15,065,000	-	15,065,000	-	-
Wastewater Revenue Bonds - 2020A	-	14,425,000	-	14,425,000	555,000
Bond Premium - Sanitary Sewer	95,646	-	95,646	-	-
Total Revenue Bonds	15,160,646	14,425,000	15,160,646	14,425,000	555,000
Annual Leave	557,043	60,595	9,734	607,904	121,581
Total Business-type Activities	35,729,455	21,558,027	24,066,326	33,221,156	2,270,794
Total Long-Term Liability	\$ 216,307,919	\$ 79,706,150	\$ 82,831,693	\$ 213,182,376	\$12,293,039

The annual requirements to amortize capital leases, loans and notes, certificates of participation and bonds outstanding as of June 30, 2021 by activity are as follows:

Year Ended June 30,	Governmental-Wide Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 6,877,280	\$ 5,302,448	\$ 2,103,866	\$ 906,939
2023	6,956,222	5,013,161	2,169,301	853,362
2024	7,323,921	4,707,698	2,187,000	795,690
2025	6,996,766	4,391,462	2,259,000	734,816
2026	7,218,242	4,074,909	1,804,000	677,613
2027 - 2031	36,123,000	15,527,849	8,198,000	2,655,710
2032 - 2036	25,032,000	8,758,915	7,275,000	1,406,505
2037 - 2041	12,335,000	5,390,215	4,700,000	566,736
2042 - 2046	15,290,000	2,516,782	1,645,000	48,747
2047 - 2051	6,415,000	279,106	-	-
	<u>\$ 130,567,431</u>	<u>\$ 55,962,545</u>	<u>\$ 32,341,167</u>	<u>\$ 8,646,118</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The debt for annual leave and estimated insurance claims do not have amortization schedules and are therefore not included in the preceding schedule.

Accrued Annual Leave – Accrued leave is reported on the Government-Wide Statements for Governmental Activities and Business-type Activities in Long-Term Debt. At June 30, 2021 the liability for all compensated absences totaled \$12,983,830.

Accrued annual leave are reported on the financial statements in the following funds:

	June 30, 2020	Increases	Decreases	June 30, 2021	Due Within One Year
Governmental Activities					
General Fund	\$ 8,666,481	\$ 881,624	\$ -	\$ 9,548,105	\$ 1,909,621
Measure E	948,600	57,118	-	1,005,718	201,144
Measure G	1,379,304	-	7,113	1,372,191	274,438
Special Revenue Funds	324,807	-	16,120	308,687	61,737
Internal Service Funds	105,033	36,192	-	141,225	28,245
Total Governmental Activities	<u>\$ 11,424,225</u>	<u>\$ 974,934</u>	<u>\$ 23,233</u>	<u>\$ 12,375,926</u>	<u>\$ 2,475,185</u>
Business-type Activities					
Enterprise Funds	<u>\$ 557,043</u>	<u>\$ 60,595</u>	<u>\$ 9,734</u>	<u>\$ 607,904</u>	<u>\$ 121,581</u>
Total Primary Government	<u>\$ 11,981,268</u>	<u>\$ 1,035,529</u>	<u>\$ 32,967</u>	<u>\$ 12,983,830</u>	<u>\$ 2,596,766</u>

Insurance Claims – At June 30, 2021, the insurance claims liability recorded in the Internal Service Funds is as follows:

	ISF Funds	General LTD	June 30, 2021
Worker's Compensation	\$ 24,873,941	\$ 1,782,230	\$ 26,656,171
General Liability	<u>3,157,700</u>	<u>-</u>	<u>3,157,700</u>
Total	<u>\$ 28,031,641</u>	<u>\$ 1,782,230</u>	<u>\$ 29,813,871</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Governmental Type Activities

Direct Borrowing

Capital Leases – Annual debt service requirements to maturity for the capital lease is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,067,280	\$ 2,711,469	\$ 6,778,749
2023	4,151,222	2,528,047	6,679,269
2024	4,348,921	2,336,009	6,684,930
2025	4,281,766	2,134,930	6,416,696
2026	4,363,242	1,931,001	6,294,243
2027 - 2031	22,058,000	6,552,999	28,610,999
2032 - 2036	13,997,000	2,704,334	16,701,334
2037 - 2041	2,850,000	1,433,484	4,283,484
2042 - 2046	3,450,000	826,369	4,276,369
2047 - 2051	2,410,000	145,031	2,555,031
	<u>\$ 65,977,431</u>	<u>\$ 23,303,673</u>	<u>\$ 89,281,104</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 \$355,880 is recorded as Governmental Activities at June 30, 2021.

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 115,595	\$ 9,253	\$ 124,848
2023	118,601	6,247	124,848
2024	121,684	3,164	124,848
	<u>\$ 355,880</u>	<u>\$ 18,664</u>	<u>\$ 374,544</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 of \$209,261, beginning on March 6, 2016 and ending March 6, 2025 at 2.51% interest. Debt payable of \$552,769 is recorded as Governmental Activities at June 30, 2021.

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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

for such payment. Also included in this scenario are additional out-of-pocket expenses incurred by the lessor including attorney fees, repossession, safekeeping, storage, repair, reconditioning, and disposition costs. Alternatively, the lessor can require the lessee to return all equipment for the purpose of lease, sale, or otherwise disposition by the lessor.

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 195,405	\$ 13,856	\$ 209,261
2023	116,185	8,958	125,143
2024	119,097	6,046	125,143
2025	122,082	3,060	125,142
	<u>\$ 552,769</u>	<u>\$ 31,920</u>	<u>\$ 584,689</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 \$1,805,000 is recorded as Governmental Activities at June 30, 2021.

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:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 161,000	\$ 69,325	\$ 230,325
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 - 2031	643,000	126,168	769,168
2032 - 2036	297,000	12,080	309,080
	<u>\$ 1,805,000</u>	<u>\$ 417,176</u>	<u>\$ 2,222,176</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$291,034 is recorded as Governmental Activities on June 30, 2021.

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:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 94,664	\$ 7,158	\$ 101,822
2023	96,992	4,830	101,822
2024	99,378	2,444	101,822
	<u>\$ 291,034</u>	<u>\$ 14,432</u>	<u>\$ 305,466</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 \$82,181 is recorded as Governmental Activities on June 30, 2021.

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:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 26,659	\$ 2,244	\$ 28,903
2023	27,387	1,516	28,903
2024	28,135	768	28,903
	<u>\$ 82,181</u>	<u>\$ 4,528</u>	<u>\$ 86,709</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$46,185,000 is recorded as Governmental Activities on June 30, 2021.

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:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,775,000	\$ 1,958,181	\$ 4,733,181
2023	2,910,000	1,816,056	4,726,056
2024	3,060,000	1,666,806	4,726,806
2025	3,210,000	1,510,056	4,720,056
2026	3,370,000	1,345,556	4,715,556
2027 - 2031	19,520,000	4,040,581	23,560,581
2032 - 2036	11,340,000	763,891	12,103,891
	<u>\$ 46,185,000</u>	<u>\$ 13,101,127</u>	<u>\$ 59,286,127</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 \$14,130,000 is recorded as Governmental Activities on June 30, 2021.

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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Year Ended June 30,	Principal	Interest	Total
2022	\$ 215,000	\$ 571,094	\$ 786,094
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 - 2031	1,895,000	2,386,250	4,281,250
2032 - 2036	2,360,000	1,928,363	4,288,363
2037 - 2041	2,850,000	1,433,484	4,283,484
2042 - 2046	3,450,000	826,369	4,276,369
2047 - 2051	2,410,000	145,031	2,555,031
	<u>\$ 14,130,000</u>	<u>\$ 9,469,817</u>	<u>\$ 23,599,817</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 \$2,575,567 is recorded as Governmental Activities on June 30, 2021.

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:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 483,957	\$ 80,358	\$ 564,315
2023	499,057	65,258	564,315
2024	514,627	49,688	564,315
2025	530,684	33,631	564,315
2026	547,242	17,074	564,316
	<u>\$ 2,575,567</u>	<u>\$ 246,009</u>	<u>\$ 2,821,576</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$36,110,000 plus premiums and discounts of \$3,211,944 are recorded as Governmental Activities at June 30, 2021.

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:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 740,000	\$ 1,595,125	\$ 2,335,125
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 - 2031	5,055,000	6,562,925	11,617,925
2032 - 2036	6,390,000	5,194,125	11,584,125
2037 - 2041	8,155,000	3,384,750	11,539,750
2042 - 2046	10,210,000	1,331,013	11,541,013
2047 - 2051	2,270,000	39,725	2,309,725
	<u>\$ 36,110,000</u>	<u>\$ 24,116,163</u>	<u>\$ 60,226,163</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 is \$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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

new debt) of \$1,425,483. Debt payable of \$15,650,000 is recorded as Governmental Activities at June 30, 2021.

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:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 865,000	\$ 625,750	\$ 1,490,750
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 - 2031	7,075,000	1,536,750	8,611,750
2032 - 2036	3,535,000	152,425	3,687,425
	<u>\$ 15,650,000</u>	<u>\$ 4,429,425</u>	<u>\$ 20,079,425</u>

Series 2020A SVSWA (2015B)

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

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

On September 1, 2015, the City issued Refunding Certificates of Participation Series 2015, in the amount of \$11,440,000 at a 2.53% interest rate, to refund the outstanding portion of the 2005A

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$3,860,000 is recorded as Governmental Activities at June 30, 2021.

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:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 525,000	\$ 143,900	\$ 668,900
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 - 2031	1,030,000	36,600	1,066,600
	<u>\$ 3,860,000</u>	<u>\$ 534,000</u>	<u>\$ 4,394,000</u>

Assessment Districts Bonds

At June 30, 2021, outstanding Assessment District Bonds totaled \$8,970,000 plus bond premiums of \$519,303. 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 \$1,843,626 at June 30, 2021.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Assessment District 2017 Act Bonds

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

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

The refunding of the assessment districts debt reduced total debt service payments over 9 years by \$937,889. This 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.

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:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 590,000	\$ 31,835	\$ 621,835
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
	\$ 1,560,000	\$ 61,531	\$ 1,621,531

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 \$2,697,436 is recorded as Governmental Activities at June 30, 2021.

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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Year Ended June 30,	Principal	Interest	Total
2022	\$ 50,000	\$ 105,819	\$ 155,819
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 - 2031	325,000	457,225	782,225
2032 - 2036	395,000	383,931	778,931
2037 - 2041	475,000	306,056	781,056
2042 - 2046	590,000	185,150	775,150
2047 - 2051	570,000	46,600	616,600
	<u>\$ 2,625,000</u>	<u>\$ 1,896,328</u>	<u>\$ 4,521,328</u>

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

On December 1, 2019, the Bond Purchase Agreement was signed in the amount of \$2,090,000 at various interest rates to finance the acquisition and/or construction of certain public facilities and improvements within Community Facilities District (CFD) No. 2016- Improvement Area 2 of the district. Debt payable net of premiums of \$2,293,920 is recorded as Governmental Activities at June 30, 2021.

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:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 40,000	\$ 88,550	\$ 128,550
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 - 2031	260,000	381,350	641,350
2032 - 2036	320,000	324,100	644,100
2037 - 2041	375,000	265,925	640,925
2042 - 2046	460,000	174,250	634,250
2047 - 2051	460,000	47,750	507,750
	<u>\$ 2,090,000</u>	<u>\$ 1,621,425</u>	<u>\$ 3,711,425</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 107,300	\$ 107,300
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 - 2031	320,000	465,000	785,000
2032 - 2036	395,000	393,500	788,500
2037 - 2041	480,000	306,600	786,600
2042 - 2046	580,000	200,600	780,600
2047 - 2051	705,000	72,900	777,900
	<u>\$ 2,695,000</u>	<u>\$ 1,959,950</u>	<u>\$ 4,654,950</u>

Business-Type Activities

Direct Borrowing

Capital Leases – Annual debt service requirements to maturity for the capital lease for Business-Type Activities are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 633,866	\$ 376,808	\$ 1,010,674
2023	656,301	351,716	1,008,017
2024	625,000	325,640	950,640
2025	646,000	300,093	946,093
2026	674,000	273,561	947,561
2027 - 2031	3,798,000	930,469	4,728,469
2032 - 2036	2,670,000	163,735	2,833,735
	<u>\$ 9,703,167</u>	<u>\$ 2,722,022</u>	<u>\$ 12,425,189</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$9,590,000 is recorded in the Downtown Parking District Enterprise Fund at June 30, 2021 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:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 578,000	\$ 373,900	\$ 951,900
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 - 2031	3,798,000	930,469	4,728,469
2032 - 2036	2,670,000	163,735	2,833,735
	<u>\$ 9,590,000</u>	<u>\$ 2,717,641</u>	<u>\$ 12,307,641</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 \$113,167 is recorded in the Storm Sewer Enterprise Fund at June 30, 2021 and is 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. 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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Debt service requirements to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 55,866	\$ 2,908	\$ 58,774
2023	57,301	1,473	58,774
	<u>\$ 113,167</u>	<u>\$ 4,381</u>	<u>\$ 117,548</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 \$1,953,000 is recorded in the Industrial Waste Enterprise Fund at June 30, 2021 and is reported as business-type activities.

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

Debt service requirements to maturity is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 460,000	\$ 45,795	\$ 505,795
2023	478,000	34,535	512,535
2024	497,000	21,721	518,721
2025	518,000	7,382	525,382
	<u>\$ 1,953,000</u>	<u>\$ 109,433</u>	<u>\$ 2,062,433</u>

Bonds Payable

Certificates of Participation, Series 2020A-Twin Creeks (2015A)

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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 is 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 \$2,330,000 is recorded as Business-type Activities at June 30, 2021.

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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

Debt service requirements to maturity is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 355,000	\$ 86,100	\$ 441,100
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 - 2031	425,000	8,500	433,500
	<u>\$ 2,330,000</u>	<u>\$ 289,600</u>	<u>\$ 2,619,600</u>

Certificates of Participation, Series 2020B (Fairways 2008)

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 in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$222,581. Debt payable of \$3,930,000 is recorded as Business-type Activities at June 30, 2021.

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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Debt service requirements to maturity is as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 100,000	\$ 95,973	\$ 195,973
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 - 2031	1,000,000	403,474	1,403,474
2032 - 2036	1,330,000	250,950	1,580,950
2037 - 2041	980,000	45,150	1,025,150
	<u>\$ 3,930,000</u>	<u>\$ 1,167,818</u>	<u>\$ 5,097,818</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 \$14,425,000 is recorded as Business-type Activities at June 30, 2021.

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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Debt service requirements and maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 555,000	\$ 302,263	\$ 857,263
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 - 2031	2,975,000	1,313,267	4,288,267
2032 - 2036	3,275,000	991,820	4,266,820
2037 - 2041	3,720,000	521,586	4,241,586
2042 - 2046	1,645,000	48,747	1,693,747
	<u>\$ 14,425,000</u>	<u>\$ 4,357,245</u>	<u>\$ 18,782,245</u>

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, 2021, the total conduit debt outstanding related to these bonds is \$3,310,000.

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, 2021, total conduit debt outstanding related to the Economic Development Revenue Bonds is \$14,980,000.

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

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

19. Unearned Revenues and Deferred Inflows of Resources, Net of Allowance:

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 \$6,987,464, in the Government-Wide Statements. Governmental funds report \$82,464 of unearned revenues and \$10,504,265 of deferred inflows of resources that are not available resources.

Unearned revenues of the governmental activities at June 30, 2021 consist of the following:

Major funds:	
American Rescue Plan Act (ARPA) unearned revenue	\$ 25,783,657
Non-major funds:	
Special Revenue	
KDF Los Padres Dev Social Services	
Unearned revenue	20,472
Grants	
Unearned revenue	<u>40,027</u>
Total governmental activities	<u><u>\$ 25,844,156</u></u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Unavailable revenues, net of allowance of the governmental activities at June 30, 2021 consist of the following:

Major funds:	
Assessment district debt service unavailable assessments receivable	\$ 8,970,000
Special Construction Assistance unavailable grants receivable	4,843,789
Non-major funds:	
Special Revenue	
Vehicle Abatement	
Unavailable grants receivable	35,329
Affordable Housing unavailable housing loans	
Low & moderate incoming housing loans	10,075,821
Less: allowance for doubtful accounts	(10,059,250)
Net affordable housing loans	16,571
Unavailable other revenues	696,810
Total affordable housing	713,381
Housing and urban development unavailable housing loans	
Housing rehab loans	1,982,357
First time homebuyers loans	1,197,232
CDBG/home program	19,543,697
Subtotal	22,723,286
Less: allowance for doubtful accounts	(22,534,475)
Net housing and urban development loans	188,811
Unavailable grants receivable	1,546,601
Total housing and urban development	1,735,412
Grants	
Unavailable grants receivable	227,321
Capital Project	
Special aviation	
Unavailable grants receivable	388,729
Total governmental activities	\$ 16,913,961

20. Restricted Net Position:

The government-wide statement of net position reports \$89,496,097 of restricted net position, of which enabling legislation restricts \$1,610,130 represented by the net position held at the Sanitary Sewer Fund.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

21. Fund Balance:

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.

Fund balance for governmental funds as of June 30, 2021 consists of the following:

	General, Measure E, & Measure G	Assessment District Debt Service	Special Construction Assistance	Other Nonmajor Governmental Funds	Total
Nonspendable:					
Loans & Notes Receivable	\$ -	\$ -	\$ -	\$ 16,571	\$ 16,571
Due from outside agencies	75,000	-	-	-	75,000
Advances	6,985,000	-	-	-	6,985,000
Land Held for Resale	-	-	-	2,507,553	2,507,553
	<u>7,060,000</u>	<u>-</u>	<u>-</u>	<u>2,524,124</u>	<u>9,584,124</u>
Restricted for:					
Public Safety	-	-	-	1,346,649	1,346,649
Future Development	-	-	-	16,619,826	16,619,826
Maintenance District	-	-	-	8,179,020	8,179,020
Recreation Parks	-	-	-	71,498	71,498
Franchise-Cable	-	-	-	480,323	480,323
Street Repairs	-	-	-	17,014,593	17,014,593
Municipal Arts	-	-	-	10,911	10,911
Grants/Special Projects	-	-	-	3,547,360	3,547,360
Low/Moderate Housing	-	-	-	3,063,693	3,063,693
Capital Projects	-	-	13,786,246	1,313,557	15,099,803
Debt Service	-	567,646	-	4,271,887	4,839,533
	<u>-</u>	<u>567,646</u>	<u>13,786,246</u>	<u>55,919,317</u>	<u>70,273,209</u>
Committed for:					
Capital Projects	2,345,602	-	-	2,000,000	4,345,602
Assigned for:					
Other Purposes	6,800,000	-	-	-	6,800,000
Carry over Appropriations	18,279,875	-	-	-	18,279,875
	<u>25,079,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,079,875</u>
Unassigned:					
Operations-Reserve	9,552,000	-	-	-	9,552,000
Other Unassigned	20,458,062	-	-	(877,889)	19,580,173
	<u>30,010,062</u>	<u>-</u>	<u>-</u>	<u>(877,889)</u>	<u>29,132,173</u>
Total Fund Balances	<u><u>\$ 64,495,539</u></u>	<u><u>\$ 567,646</u></u>	<u><u>\$ 13,786,246</u></u>	<u><u>\$ 59,565,552</u></u>	<u><u>\$ 138,414,983</u></u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

22. Encumbrance:

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, 2021, total governmental fund encumbrance balances for the City are as follows:

General Fund, Measure E, & Measure G	\$	2,345,602
Special Construction Assistance		12,664,834
Nonmajor governmental funds		101,527
		15,111,963
	\$	15,111,963

23. Joint Venture – Salinas Valley Solid Waste Authority (Authority):

The Authority is a joint exercise of powers authority, created pursuant to an agreement dated as of January 1, 1997 (the “Authority Agreement) among the County of Monterey, and the cities of Salinas, Gonzales, Greenfield, Soledad, and King City (the “Members”). The Authority was established to acquire and manage the landfill assets of each member, ensure long-term landfill capacity of the Authority service area and provide a unified and coordinated solid waste management for the members.

The Authority is governed by a nine member governing board, consisting of three members of the Salinas City Council, two members of the Monterey County Board of Supervisors, and one member from each patriating city. Pursuant to the Authority Agreement, while the City of Salinas 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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

24. Contingent Liabilities:

Various claims and lawsuits are pending against the City. Although the outcome of those claims and lawsuits are not presently determinable, in the opinion of the City Attorney the resolution of these matters are within the self-insured retention and are not likely to have a material adverse effect on the financial condition of the City.

25. Successor Agency to the Salinas Redevelopment Agency:

Cash and Investments – Cash and investments at June 30, 2021 consisted of the following:

Cash and investments	\$ 3,107,464
Restricted cash and investments	<u>1,640,648</u>
Total Cash and Investments	<u><u>\$ 4,748,112</u></u>

Cash and investments of \$1,640,648 recorded as restricted assets are restricted to cover debt service. These funds are held by the City’s fiscal agent.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Capital Assets – The following is a summary of the Agency’s capital assets at June 30, 2021:

	Balance June 30, 2020	Additions	Adjustments/ Retirements	Balance June 30, 2021
Capital assets, not being depreciated				
Land	\$ 149,270	\$ -	\$ -	\$ 149,270
Total capital assets	<u>\$ 149,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,270</u>

Long Term Debt – The following is a summary of the long term debt at June 30, 2021:

	June 30, 2020	Increases	Decreases	June 30, 2021	Due Within One Year
Fiduciary-type Activities					
Loans and Notes Payable:					
Homeless Shelter	\$ 157,500	\$ -	\$ -	\$ 157,500	\$ -
Total Loans & Notes Payable	<u>157,500</u>	<u>-</u>	<u>-</u>	<u>157,500</u>	<u>-</u>
Tax Allocation Refunding Bonds:					
Series A-1996	1,750,000	-	(125,000)	1,625,000	130,000
Series A-1992	517,881	-	(184,342)	333,539	172,406
Total Bonds Payable	<u>2,267,881</u>	<u>-</u>	<u>(309,342)</u>	<u>1,958,539</u>	<u>302,406</u>
Subtotal	2,425,381	-	(309,342)	2,116,039	302,406
Unamortized Bond Discount	(35,673)	-	8,919	(26,754)	(8,919)
Fiduciary-type Activities	<u>\$ 2,389,708</u>	<u>\$ -</u>	<u>\$ (300,423)</u>	<u>\$ 2,089,285</u>	<u>\$ 293,487</u>

The annual requirements to amortize loans and notes and bonds outstanding as of June 30, 2021 by activity are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 302,406	\$ 1,128,660	\$ 1,431,066
2023	296,133	1,132,380	1,428,513
2024	1,360,000	37,400	1,397,400
2029-2041	<u>157,500</u>	<u>-</u>	<u>157,500</u>
	<u>\$ 2,116,039</u>	<u>\$ 2,298,440</u>	<u>\$ 4,414,479</u>

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Loans and Notes Payable

Homeless Shelter Loan – Green Gold Inn

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

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

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

Year Ended June 30,	Principal	Interest	Total
2029-2041	\$ 157,500	\$ -	\$ 157,500

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 annual debt service requirements for the bonds at June 30, 2021 are as follows:

Year Ended June 30,	TAB Series A-1996		TAB Series A-1992	
	Principal	Interest	Principal	Interest
2022	\$ 130,000	\$ 85,800	\$ 172,406	\$ 1,042,860
2023	135,000	78,513	161,133	1,053,867
2024	1,360,000	37,400	-	-
	\$ 1,625,000	\$ 201,713	\$ 333,539	\$ 2,096,727

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2021 was \$1,625,000.

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, 2021 was \$333,539.

Unamortized Bond Discount

The Statement of Net Position includes an unamortized bond discount of \$35,673 in Debt Payable-Due in More than One Year-Net of Discounts. The 1996 Tax Allocation Revenue Bonds were sold at a discount of \$249,729. The discount is being amortized over the life of the bond issue (28 years) at an annual rate of \$8,919.

At June 30, 2021 the 1996 Tax Allocation Revenue Bonds unamortized discount was as followed:

	June 30, 2020	Increases	Decreases	June 30, 2021
Tax Allocation Bond, Series A-1996	\$ 35,673	\$ -	\$ (8,919)	\$ 26,754

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.

CITY OF SALINAS
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

26. COVID 19

On Tuesday, March 17, 2020, the City of Salinas declared a local emergency in efforts to limit the impacts and exposure of the COVID-19 Pandemic. Since that time, the City's top priority has been to mitigate the risks to our residents' health and safety during the pandemic.

On March 11, 2021, President Biden signed the American Rescue Plan Act, which will provide the City with a total of \$51,567,313 in relief funds. The City has received the first half of these funds, with the second half coming in May/June 2022.

On November 16, 2021, a resolution was approved by City Council to authorize establishment of the American Rescue Plan Act (ARPA) Fund and appropriations totaling \$51,567,313, this in accordance with the Salinas Recovery Plan under the American Rescue Plan Act (ARPA) of 2021.

Also, subsequent to the fiscal year end, the City was awarded additional grant funds to mitigate the negative effects of the COVID-19 Pandemic including a second phase of the Emergency Rental Assistant Program (ERAP). The purpose of this grant is to distribute funding to provide rental and utility assistance to low-income eligible households located in Monterey County that are facing housing instability because of loss or reduction in income due to the COVID-19 crisis.

On October 26, 2021, a resolution was approved by City Council to accept up to \$10 million of additional round-two ERAP program funds from the United Way of Monterey County.

27. Subsequent Events:

The City has evaluated subsequent events through **May XX, 2022**, the date these financial statements were available to be issued.



This page is intentionally left blank.

**REQUIRED
SUPPLEMENTARY
INFORMATION**



This page is intentionally left blank.

CITY OF SALINAS
Required Supplementary Information
Budgetary Policy and Control
Budgetary Information
Fiscal Year June 30, 2021

BUDGETING

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.

CITY OF SALINAS
Required Supplementary Information
Budgetary Policy and Control
Budgetary Information
Fiscal Year June 30, 2021

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.

BUDGETARY INFORMATION

The adopted FY 2020-21 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

CITY OF SALINAS
Required Supplementary Information
Budgetary Policy and Control
Budgetary Information
Fiscal Year June 30, 2021

On May 25, 2020, 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 2020-21 Annual Operating Budgets on June 8, 2020. 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 \$1,409,093 to \$28,739,032, of which \$7,060,000 is Non-spendable, \$1,149,699 is Committed, \$12,023,848 is Assigned and \$8,505,485 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 \$7,060,000 includes Due from outside agencies (\$75,000) and Advances (\$6,985,000). Committed funds balance of \$1,149,699 is designated for future encumbrances. Carryover Appropriations of \$5,223,848, \$2,500,000 assigned to fund the New York Life retirement account, and other purposes of \$4,300,000 are under the \$12,023,848 Assigned fund balance category.

The General Fund unassigned fund balance is made up of \$6,830,000 reserved for operations, coupled with \$1,675,485 of unassigned fund balance at June 30, 2021.

MEASURE E

Measure E is a general tax (discretionary) and is reported as part of the General Fund. The Measure E fund balance increased \$4,168,887 to \$9,600,987, of which \$248,454 is committed for future encumbrances, \$309,259 is assigned and \$9,043,274 is unassigned.

CITY OF SALINAS
Required Supplementary Information
Budgetary Policy and Control
Budgetary Information
Fiscal Year June 30, 2021

MEASURE G

Measure G is a general tax (discretionary) and is reported as part of the General Fund. The Measure G fund balance increased \$3,506,538 to \$26,155,520, of which \$947,449 is Committed for future encumbrances, \$12,746,768 is Assigned and \$12,461,303 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
Required Supplementary Information
Budgetary Policy and Control
Budgetary Information
Fiscal Year June 30, 2021

BUDGET REVISIONS

The following is a summary of the actions taken after the approval on March 8, 2022 of the mid-year adjustments to the fiscal year 2020-21 budget:

- Operating budget increased by \$2.5 million. The Capital Project budget increased in the same mid-year council action by \$1.8 million for a variety of projects.



This page is intentionally left blank.

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY POLICY AND CONTROL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND, MEASURE E, & MEASURE G
FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Fund Balance, July 1, 2020	\$ 55,411,021	\$ 55,411,021	\$ 55,411,021	\$ -
Resources (inflows):				
Taxes	117,473,000	125,463,000	144,300,725	18,837,725
Licenses and Permits	772,650	772,650	812,083	39,433
Intergovernmental	362,600	1,272,600	1,557,920	285,320
Charges for Services	4,597,200	4,597,200	4,833,230	236,030
Interest	214,000	214,000	416,580	202,580
Rental Income	362,000	362,000	418,772	56,772
Fines and forfeits	340,000	340,000	275,938	(64,062)
Miscellaneous	1,860,000	1,560,000	890,277	(669,723)
Operating Transfers In	4,088,300	4,088,300	6,096,486	2,008,186
Total Resources	<u>130,069,750</u>	<u>138,669,750</u>	<u>159,602,011</u>	<u>20,932,261</u>
Charges to Appropriations (outflows):				
General Government	18,417,526	19,823,494	28,416,370	(8,592,876)
Public Safety	76,519,513	80,189,658	79,299,704	889,954
Public Works	12,039,069	12,878,804	11,702,609	1,176,195
Recreation	4,123,152	4,026,596	2,647,436	1,379,160
Library	5,140,656	5,202,751	4,166,610	1,036,141
Capital Outlay	525,267	797,200	599,877	197,323
Transfers Out	17,344,496	41,509,152	23,684,887	17,824,265
Total Charges to Appropriations	<u>134,109,679</u>	<u>164,427,655</u>	<u>150,517,493</u>	<u>13,910,162</u>
Excess of Resources Over (Under)				
Charges to Appropriations	<u>(4,039,929)</u>	<u>(25,757,905)</u>	<u>9,084,518</u>	<u>34,842,423</u>
Fund Balance, June 30, 2021	<u>\$ 51,371,092</u>	<u>\$ 29,653,116</u>	<u>\$ 64,495,539</u>	<u>\$ 34,842,423</u>

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY POLICY AND CONTROL
BUDGETARY COMPARISON SCHEDULE
MEASURE E FUND
FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Fund Balance, July 1, 2020	\$ 5,432,100	\$ 5,432,100	\$ 5,432,100	\$ -
Resources (inflows):				
Taxes	10,562,000	12,033,000	15,042,746	3,009,746
Interest	60,000	60,000	17,417	(42,583)
Miscellaneous	-	-	24,563	24,563
Transfers In	700,000	700,000	700,000	-
Total Resources	<u>11,322,000</u>	<u>12,793,000</u>	<u>15,784,726</u>	<u>2,991,726</u>
Charges to Appropriations (outflows):				
General Government	415,766	424,266	402,146	22,120
Public Safety	4,367,715	4,475,720	4,164,403	311,317
Public Works	947,294	952,594	773,718	178,876
Recreation	1,451,588	1,432,378	1,040,353	392,025
Library	5,140,656	5,202,751	4,166,610	1,036,141
Capital Outlay	83,000	77,210	77,264	(54)
Transfers Out	1,218,700	1,750,151	991,345	758,806
Total Charges to Appropriations	<u>13,624,719</u>	<u>14,315,070</u>	<u>11,615,839</u>	<u>2,699,231</u>
Excess of Resources Over (Under)				
Charges to Appropriations	<u>(2,302,719)</u>	<u>(1,522,070)</u>	<u>4,168,887</u>	<u>5,690,957</u>
Fund Balance, June 30, 2021	<u>\$ 3,129,381</u>	<u>\$ 3,910,030</u>	<u>\$ 9,600,987</u>	<u>\$ 5,690,957</u>

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY POLICY AND CONTROL
BUDGETARY COMPARISON SCHEDULE
MEASURE G FUND
FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Fund Balance, July 1, 2020	\$ 22,648,982	\$ 22,648,982	\$ 22,648,982	\$ -
Resources (inflows):				
Taxes	20,878,000	23,820,000	30,232,358	6,412,358
Interest	150,000	150,000	95,788	(54,212)
Total Resources	<u>21,028,000</u>	<u>23,970,000</u>	<u>30,328,146</u>	<u>6,358,146</u>
Charges to Appropriations (outflows):				
General Government	1,354,090	1,358,859	1,344,574	14,285
Public Safety	11,694,818	11,842,027	12,108,276	(266,249)
Public Works	1,243,080	1,328,020	1,058,249	269,771
Recreation	1,168,731	1,142,831	824,280	318,551
Capital Outlay	108,300	131,262	173,063	(41,801)
Transfers Out	9,201,444	24,185,225	11,313,166	12,872,059
Total Charges to Appropriations	<u>24,770,463</u>	<u>39,988,224</u>	<u>26,821,608</u>	<u>13,166,616</u>
Excess of Resources Over (Under)				
Charges to Appropriations	<u>(3,742,463)</u>	<u>(16,018,224)</u>	<u>3,506,538</u>	<u>19,524,762</u>
Fund Balance, June 30, 2021	<u>\$ 18,906,519</u>	<u>\$ 6,630,758</u>	<u>\$ 26,155,520</u>	<u>\$ 19,524,762</u>

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
CLAIMS DEVELOPMENT
INTERNAL SERVICE FUNDS-GENERAL LIABILITY INSURANCE
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net earned required contribution and investment revenues	\$ 910,555	\$ 952,735	\$ 971,785	\$ 1,892,297	\$ 1,019,378	\$ 1,074,526	\$ 863,563	\$ 342,324	\$ 263,104	\$ 276,393
Unallocated expenses	350,753	338,630	353,537	334,291	339,171	314,127	374,303	651,645	748,046	1,090,415
Estimated incurred claims and expenses, end of policy year	83,079	522,131	161,668	965,536	234,565	36,271	7,532	892,986	4,006	53,317
Paid Claims as of:										
End of policy year	7,665	30,214	18,140	55,188	116,262	15,603	6,310	75,401	3,618	2,999
One year later	245,112	172,798	635,352	282,538	20,991	227,379	22,088	387,594	7,635	
Two years later	466,599	375,290	842,560	570,687	64,153	846,232	285,818	2,660,599		
Three years later	983,571	1,021,746	1,345,021	679,871	65,043	947,734	340,771			
Four years later	1,081,157	1,133,620	1,635,636	732,404	66,412	1,019,825				
Five years later	935,894	1,135,208	1,676,450	779,178	835,586					
Six years later	935,894	1,217,035	1,926,852	788,081						
Seven years later	935,894	1,332,414	1,926,852							
Eight years later	935,894	1,375,687								
Nine years later	935,894									
Reestimated incurred claims and expenses:										
End of policy year	83,079	522,131	161,668	965,536	234,565	36,271	7,532	892,986	4,006	53,317
One year later	870,512	638,797	2,233,535	1,390,213	194,433	357,416	796,619	1,583,466	42,411	
Two years later	942,962	1,085,173	2,280,849	1,554,039	79,955	1,714,261	327,418	3,952,801		
Three years later	1,371,990	1,046,887	1,960,665	730,656	94,678	949,419	666,518			
Four years later	1,439,018	1,549,402	1,748,340	1,296,507	80,580	1,041,511				
Five years later	935,894	1,697,321	1,742,087	1,091,507	835,586					
Six years later	934,894	9,802,320	1,930,214	1,121,507						
Seven years later	935,894	5,399,014	1,926,852							
Eight years later	935,894	1,399,014								
Nine years later	935,894									
Increase/(Decrease) in estimated incurred claims and expenses										
End of policy year	852,815	876,883	1,765,184	155,971	601,021	1,005,241	658,986	3,059,815	38,405	-

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
CLAIMS DEVELOPMENT
INTERNAL SERVICE FUNDS-WORKERS COMPENSATION INSURANCE
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net earned required contribution and investment revenues	\$ 9,173,838	\$ 7,472,705	\$ 4,377,425	\$ 6,130,921	\$ 13,748,053	\$ 4,743,276	\$ 4,922,253	\$ 6,079,547	\$ 10,151,619	\$ 8,119,793
Unallocated expenses	292,754	323,122	360,203	335,408	471,472	334,542	1,056,134	210,341	436,618	323,042
Estimated incurred claims and expenses, end of policy year	1,720,157	2,243,630	1,666,909	1,432,029	813,874	953,545	1,284,514	1,222,180	1,638,983	4,366,805
Paid claims (cumulative) as of:										
End of policy year	533,708	646,857	950,284	334,254	333,561	357,390	346,475	722,652	567,497	1,420,172
One year later	1,864,818	1,634,364	1,371,978	1,597,521	1,061,264	1,070,983	1,177,834	1,580,493	1,844,018	
Two years later	2,854,520	1,959,739	1,927,023	2,162,775	1,602,857	1,997,607	1,617,945	1,987,948		
Three years later	3,136,125	2,340,805	2,409,062	2,554,090	1,895,742	2,329,308	1,937,327			
Four years later	3,456,515	2,907,257	2,621,000	2,706,246	2,014,757	2,558,332				
Five years later	3,656,404	3,137,059	2,699,388	2,878,566	2,044,352					
Six years later	3,941,332	4,169,602	2,783,374	2,985,635						
Seven years later	4,403,885	4,208,586	3,670,222							
Eight years later	5,146,241	4,235,413								
Nine years later	5,375,751									
Reestimated incurred claims and expenses:										
End of policy year	1,720,157	2,243,630	1,666,909	1,432,029	813,874	953,545	1,284,514	1,222,180	1,638,983	4,366,805
One year later	4,335,777	3,285,111	2,218,693	2,641,671	1,711,199	1,934,390	1,833,783	2,488,357	3,759,255	
Two years later	4,746,128	3,764,688	3,204,843	3,520,776	2,433,616	2,924,696	2,290,339	3,269,045		
Three years later	4,801,869	4,196,279	3,674,042	3,793,217	2,406,924	2,932,147	3,249,184			
Four years later	4,995,945	4,760,993	3,643,183	3,694,285	2,505,621	3,111,763				
Five years later	4,894,789	4,849,355	3,745,001	3,718,134	2,618,375					
Six years later	5,124,129	5,004,810	4,104,444	3,971,493						
Seven years later	5,937,210	4,612,669	3,971,493							
Eight years later	5,912,693	4,625,068								
Nine years later	6,036,306									
Increase/(Decrease) in estimated incurred claims and expenses										
End of policy year	4,316,149	2,381,438	2,304,584	2,539,464	1,804,501	2,158,218	1,964,670	2,046,865	2,120,272	-

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN - MISCELLANEOUS PLAN
SCHEDULE OF CITY'S NET PENSION LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS^

Fiscal Year	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
TOTAL PENSION LIABILITY							
Service Cost	\$ 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	8,959,786	8,430,817	7,806,166	7,282,974	6,801,939	6,445,778	6,154,034
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	588,822	2,005,995	1,457,261	489,759	(996,921)	(1,789,044)	-
Changes of Assumptions	-	-	(752,607)	6,388,079	-	(1,686,636)	-
Benefit Payments, Including Refunds of Employee Contributions	(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	7,604,436	9,138,051	7,658,013	13,673,092	4,824,294	2,364,452	5,812,488
Total Pension Liability - Beginning	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)	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	7,793,322	3,511,716	3,133,948	3,232,477	2,635,818	2,037,528	2,010,590
Contributions - Employee	1,411,627	1,501,635	1,403,836	1,331,850	1,339,737	987,786	959,420
Net Investment Income	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	(5,107,076)	(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	(129,381)	(61,083)	(122,563)	(102,919)	(41,756)	(77,059)	-
Other Miscellaneous Income/(Expense)	-	199	(232,749)	-	-	-	-
Net Change in Fiduciary Net Position	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	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)	100,787,546	91,773,349	85,595,184	78,652,940	69,707,970	68,514,982	66,869,484
Plan Net Pension Liability/(Asset) - Ending (a)-(b)	\$ 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	75.61%	73.01%	73.44%	72.23%	73.20%	75.79%	75.96%
Covered Employee Payroll*	\$ 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/(Asset) as a Percentage of Covered-Employee Payroll	155.21%	164.39%	154.41%	162.45%	166.78%	141.08%	133.70%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

* For the year ending on the measurement date

^ Fiscal year 2015 was the 1st year of implementation

Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF THE CITY'S PENSION PLAN CONTRIBUTIONS AND NOTES - MISCELLANEOUS PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS^

Fiscal Year	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
Actuarially Determined Contribution	\$ 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	4,273,977	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 Employee Payroll*	\$ 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-Employee Payroll	20.47%	37.98%	16.34%	15.23%	16.90%	15.96%	15.15%

^Fiscal year 2015 was the 1st year of implementation

*For the fiscal year ending on the date shown

Notes to Schedules

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2020-21 were from the June 30, 2018 Valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2018 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2018 Funding Valuation Report
Inflation	2.625%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.875%
Investment Rate of Return	7.25% Net of Pension Plan Investment and Administrative Expenses; includes inflation.
Retirement Age	The probabilities of Retirement are based on the 2017 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 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

For changes to previous year's information, refer to prior year financial statement schedules.

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN - POLICE PLAN
SCHEDULE OF CITY'S NET PENSION LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS^

Fiscal Year	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
	Police	Police	Police	Police	Police	Police	Police
TOTAL PENSION LIABILITY							
Service Cost	\$ 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	22,017,085	21,051,415	19,772,458	18,658,643	17,933,618	17,475,350	17,097,550
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	1,696,481	6,664,829	6,096,574	(2,807)	(4,299,665)	(5,739,808)	-
Changes of Assumptions	-	-	(1,307,343)	16,117,523	-	(4,436,648)	-
Benefit Payments, Including Refunds of Employee Contributions	(15,680,099)	(15,037,162)	(13,742,608)	(12,772,896)	(11,890,953)	(11,383,179)	(10,895,705)
Net Change in Total Pension Liability	14,189,900	18,755,868	16,422,567	27,172,376	6,205,598	356,696	11,134,827
Total Pension Liability - Beginning	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)	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	10,297,024	9,485,870	8,260,458	7,798,560	6,462,584	5,540,793	5,285,903
Contributions - Employee	1,946,146	1,993,713	1,816,971	1,625,541	1,512,655	1,350,215	1,375,826
Net Investment Income	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	(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	(283,165)	(136,963)	(282,146)	(245,410)	(103,251)	(190,690)	-
Other Miscellaneous Income/(Expense)	-	444	(535,801)	-	-	-	-
Net Change in Fiduciary Net Position	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	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)	206,759,103	200,863,252	191,926,916	181,063,160	166,218,290	169,417,801	170,366,925
Plan Net Pension Liability/(Asset) - Ending (a)-(b)	\$ 118,427,421	\$ 110,133,372	\$ 100,313,840	\$ 94,755,029	\$ 82,427,523	\$ 73,022,414	\$ 71,716,594
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.58%	64.59%	65.67%	65.65%	66.85%	69.88%	70.38%
Covered Employee Payroll*	\$ 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/(Asset) as a Percentage of Covered-Employee Payroll	598.83%	578.09%	558.31%	584.39%	524.51%	471.29%	432.29%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

* For the year ending on the measurement date

^ Fiscal year 2015 was the 1st year of implementation

Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF THE CITY'S PENSION PLAN CONTRIBUTIONS AND NOTES - POLICE PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS^

Fiscal Year	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
	Police	Police	Police	Police	Police	Police	Police
Actuarially Determined Contribution	\$ 11,629,887	\$ 10,297,024	\$ 9,481,034	\$ 8,260,675	\$ 7,799,085	\$ 6,462,584	\$ 5,540,793
Contributions in Relation to the Actuarially Determined Contribution	11,629,887	10,296,552	9,481,034	8,260,675	7,799,085	6,462,584	5,540,793
Contribution Deficiency (Excess)	\$ -	\$ 472	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 20,148,949	\$ 19,396,047	\$ 19,620,883	\$ 18,758,911	\$ 17,091,655	\$ 16,062,098	\$ 14,664,280
Contributions as a Percentage of Covered-Employee Payroll	57.72%	53.09%	48.32%	44.04%	45.63%	40.23%	37.78%

^Fiscal year 2015 was the 1st year of implementation

*For the fiscal year ending on the date shown

Notes to Schedules

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2020-21 were from the June 30, 2018 Valuations.	
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2018 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2018 Funding Valuation Report
Inflation	2.625%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.875%
Investment Rate of Return	7.25% Net of Pension Plan Investment and Administrative Expenses; includes inflation.
Retirement Age	The probabilities of Retirement are based on the 2017 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 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

For changes to previous year's information, refer to prior year financial statement schedules.

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
COST -SHARING SAFETY MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE PLAN'S (PERF C)
NET PENSION LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS^

Fiscal Year Measurement Date	Fire (Tier 1 & Tier 2)						
	2020-21 06/30/2020	2019-20 06/30/2019	2018-19 06/30/2018	2017-18 06/30/2017	2016-17 06/30/2016	2015-16 06/30/2015	2014-15 06/30/2014
City's Proportion of the Net Pension Liability	0.483764%	0.467722%	0.469674%	0.580096%	0.600385%	0.643619%	0.641945%
City's Proportionate Share of the Net Pension Liability	\$ 52,635,552	\$ 47,927,704	\$ 45,259,034	\$ 57,529,594	\$ 51,951,899	\$ 44,177,449	\$ 39,944,785
City's Covered - Employee Payroll*	11,013,870	10,748,465	9,763,022	9,636,368	9,436,688	9,158,594	9,531,935
City's Proportionate Share of the Net Pension Liability as a percentage of Covered Payroll	477.90%	445.90%	463.58%	597.00%	550.53%	482.36%	419.06%
Plan's Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

^Fiscal year 2015 was the 1st year of implementation

* For the year ending on the measurement date

**CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF THE CITY'S PENSION PLAN CONTRIBUTIONS AND NOTES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS^**

Fiscal Year	Fire (Tier 1 & Tier 2)						
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially Determined Contribution	\$ 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	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)	\$ -	\$ -	\$ -
City's Covered-Employee Payroll*	\$ 11,387,448	\$ 11,013,870	\$ 10,748,465	\$ 9,763,022	\$ 9,636,368	\$ 9,436,688	\$ 9,158,594
Contributions as a Percentage of Covered-Employee Payroll	50.13%	45.93%	40.65%	171.47%	53.26%	50.15%	41.62%

^Fiscal year 2015 was the 1st year of implementation

*For the fiscal year ending on the date shown

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
SINGLE - EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CITY'S NET PENSION LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS[^]

Fiscal Year	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
CHANGE IN TOTAL PENSION LIABILITY						
Service Cost	\$ 325,385	\$ 232,193	\$ 302,184	\$ 279,000	\$ 336,000	\$ 436,000
Interest	506,095	684,730	679,330	537,000	655,000	676,000
Changes of Benefit Terms	-	-	-	-	531,000	-
Actual vs. expected experience	-	889,365	-	2,172,000	-	-
Assumption changes	907,299	217,496	-	(106,000)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(9,126,048)	(1,305,661)	(199,769)	(3,508,000)	(87,000)	(3,139,000)
Net Change in Total Pension Liability	(7,387,269)	718,123	781,745	(626,000)	1,435,000	(2,027,000)
Total Pension Liability - Beginning	21,277,868	20,559,745	19,778,000	20,404,000	18,969,000	20,996,000
Total Pension Liability - Ending (a)	13,890,599	21,277,868	20,559,745	19,778,000	20,404,000	18,969,000
CHANGE IN PLAN FIDUCIARY NET POSITION						
Contributions - Employer	8,030,028	2,919,589	1,927,686	1,654,000	1,483,000	1,340,000
Contributions - Employee	52,751	71,806	70,043	69,000	82,000	77,000
Net Investment Income	338,833	503,893	60,254	(506,000)	84,000	(85,000)
Benefit Payments, Including Refunds of Employee Contributions	(9,126,048)	(1,305,661)	(199,769)	(3,508,000)	(87,000)	(3,139,000)
Administrative Expense	(18,582)	(19,188)	(54,195)	(75,000)	(83,000)	(100,000)
Net Change in Fiduciary Net Position	(723,018)	2,170,439	1,804,019	(2,366,000)	1,479,000	(1,907,000)
Plan Fiduciary Net Position - Beginning	6,634,458	4,464,019	2,660,000	5,026,000	3,547,000	5,454,000
Plan Fiduciary Net Position - Ending (b)	5,911,440	6,634,458	4,464,019	2,660,000	5,026,000	3,547,000
Plan Net Pension Liability/(Asset) - Ending (a)-(b)	<u><u>\$ 7,979,159</u></u>	<u><u>\$ 14,643,410</u></u>	<u><u>\$ 16,095,726</u></u>	<u><u>\$ 17,118,000</u></u>	<u><u>\$ 15,378,000</u></u>	<u><u>\$ 15,422,000</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.56%	31.18%	21.71%	13.45%	24.63%	18.70%
Covered Employee Payroll*	\$ 1,176,879	\$ 1,628,432	\$ 1,610,679	\$ 1,649,359	\$ 1,461,000	\$ 1,738,432
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	677.99%	899.23%	999.31%	1037.86%	1052.57%	887.12%

* For the 12 month period ended on August 31 of the measurement date year

[^] Fiscal year 2016 was the 1st year of implementation

**CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF THE CITY'S PENSION PLAN CONTRIBUTIONS AND NOTES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS^**

Fiscal Year	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18*</u>	<u>2016-17*</u>	<u>2015-16*</u>
Actuarially Determined Contribution	\$ 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	<u>10,212,240</u>	<u>5,573,828</u>	<u>2,135,107</u>	<u>1,614,000</u>	<u>1,571,000</u>	<u>1,107,000</u>
Contribution Deficiency (Excess)	<u>\$ (5,960,240)</u>	<u>\$ (1,459,828)</u>	<u>\$ (135,107)</u>	<u>\$ 318,000</u>	<u>\$ 12,000</u>	<u>\$ 413,000</u>
City's Covered-Employee Payroll**	\$ 804,977	\$ 1,273,326	\$ 1,664,538	\$ 1,693,493	\$ 1,796,000	\$ 1,872,000
Contributions as a Percentage of Covered-Employee Payroll	1268.64%	437.74%	128.27%	95.31%	87.47%	59.13%

^Fiscal year 2016 was the 1st year of implementation

*Rounded to the nearest thousand of a dollar

**For the fiscal year ending on the date shown

Notes to Schedule of Employer Contributions

Methods and assumptions for 2020-21 Actuarially Determined Contribution	
Valuation Date	▪ September 1, 2019
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%
General Inflation	▪ 2.25%
Salary Increases	▪ Aggregate - 2.5% annually ▪ Merit - CalPERS 1997-2015 Experience Study
Mortality	▪ CalPERS 1997-2015 Experience Study
Mortality Improvement	▪ Mortality projected fully generational with Scale MP-2019

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY
AND RELATED RATIOS AS OF MEASUREMENT DATE
LAST 10 YEARS^

Measurement Date	Fiscal Year End	Fiscal Year End	Fiscal Year End	Fiscal Year End
	06/30/21	06/30/20	06/30/19	06/30/18
	06/30/20	06/30/19	06/30/18	06/30/17
Changes in total OPEB liability				
Service cost	\$ 1,169,996	\$ 1,065,470	\$ 1,085,475	\$ 1,209,000
Interest	974,493	1,143,094	1,064,391	951,000
Changes in benefits terms	-	574,467	-	-
Actual vs expected experience	-	(4,138,016)	-	-
Assumption changes	4,678,007	1,474,189	(609,871)	(1,765,000)
Benefit payments including refunds	(676,514)	(945,329)	(915,000)	(861,000)
Net changes in total OPEB liability	6,145,982	(826,125)	624,995	(466,000)
Total OPEB liability - beginning of year	21,673,870	22,499,995	21,875,000	22,341,000
Total OPEB liability - end of year	<u>\$ 27,819,852</u>	<u>\$ 21,673,870</u>	<u>\$ 22,499,995</u>	<u>\$ 21,875,000</u>
Changes in plan fiduciary net position				
Contributions - employer	\$ 931,063	\$ 1,195,329	\$ 1,165,000	\$ 1,111,000
Contributions - employee	-	-	-	-
Net investment income	102,633	152,998	159,215	171,000
Benefit payments and refunds	(676,514)	(945,329)	(915,000)	(861,000)
Administrative expenses	(5,988)	(541)	(3,619)	(1,000)
Other changes	-	-	-	-
Net changes in plan fiduciary net position	351,194	402,457	405,596	420,000
Plan fiduciary net position - beginning of year	2,707,053	2,304,596	1,899,000	1,479,000
Plan fiduciary net position - end of year	<u>\$ 3,058,247</u>	<u>\$ 2,707,053</u>	<u>\$ 2,304,596</u>	<u>\$ 1,899,000</u>
Net OPEB liability				
Total OPEB liability	\$ 27,819,852	\$ 21,673,870	\$ 22,499,995	\$ 21,875,000
Plan fiduciary net position	3,058,247	2,707,053	2,304,596	1,899,000
Net OPEB liability	<u>\$ 24,761,605</u>	<u>\$ 18,966,817</u>	<u>\$ 20,195,399</u>	<u>\$ 19,976,000</u>
Net OPEB liability funded percentage	11.0%	12.5%	10.2%	8.7%
Covered employee payroll *	\$ 64,146,096	\$ 64,026,542	\$ 62,965,263	\$ 48,821,000
Net OPEB liability as a percent of covered-employee payroll	38.6%	29.6%	32.1%	40.9%

^ Fiscal year 2018 was the 1st year of implementation.

* For the year ending on the measurement date.

CITY OF SALINAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
AS OF JUNE 30, 2021
LAST 10 YEARS[^]

Contributions for the fiscal year ended:	<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
Actuarially determined contribution (ADC)	\$ 1,997,000	\$ 1,938,000	\$ 2,322,000	\$ 2,188,000
Contributions in relation to the actuarially determined contribution	959,007	931,063	1,195,329	1,165,000
Contribution deficiency (excess)	<u>\$ 1,037,993</u>	<u>\$ 1,006,937</u>	<u>\$ 1,126,671</u>	<u>\$ 1,023,000</u>
City's covered-employee payroll *	\$ 64,469,561	\$ 64,146,096	\$ 64,026,452	\$ 51,530,000
Contributions as a percentage of covered-employee payroll	1.5%	1.5%	1.9%	2.3%

[^] Fiscal year 2018 was the 1st year of implementation.

* For the fiscal year ended on the date shown.

Notes to Schedule of Employer OPEB Contributions
Methods and Assumptions for 2019/20 Actuarially Determined Contribution

Valuation date	▪ June 30, 2019
Actuarial cost method	▪ Entry age normal, level percentage of pay
Amortization method	▪ Level percentage of pay
Amortization period	▪ 14 years remaining as of June 30, 2020
Assets valuation method	▪ Investment gains and losses spread over 5-year rolling period
Discount rate	▪ 6.75%
General inflation	▪ 2.75%
Medical trend	▪ Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 ▪ Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Mortality	▪ CalPERS 1997-2015 exp CalPERS 1997-2015 experience study
Mortality Improvement	▪ Mortality projected fully Mortality projected fully generational with Scale MP-2019



This page is intentionally left blank.

SUPPLEMENTARY INFORMATION



This page is intentionally left blank.

NON-MAJOR 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.

Recreation Parks Fund - This fund accounts for revenues received from an admission fee charge that is imposed to events held at the Salinas Sports Complex (Rodeo Grounds stadium). Funds are designated for Parks and Recreation activities.

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.

Municipal Art - This fund accounts for revenues received from a 0.5% charge on certain City capital improvement projects. Funds are designated for spending on public art to be located in public places throughout the City.

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.

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.

SB1 Road Maintenance & Rehab & SB1 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.

Housing and Urban Development Grant - 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.

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
SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	Lighting, Landscape and Maintenance District	Local Public Safety	Development Fees	Gas Tax	Emergency Medical Services	Asset Seizure	Traffic Safety
ASSETS							
Cash and investments	\$ 8,313,499	\$ 633,694	\$ 16,730,463	\$ 1,838,922	\$ 103,571	\$ 127,945	\$ -
Receivables, net:							
Accrued interest	5,820	40	11,574	1,551	-	252	-
Due from outside agencies	-	106,859	-	379,844	-	-	66,063
Advances to other agency	-	-	-	-	-	-	-
Loan receivables	-	-	-	-	-	-	-
Land and properties held for resale	-	-	-	-	-	-	-
Total assets	<u>\$ 8,319,319</u>	<u>\$ 740,593</u>	<u>\$ 16,742,037</u>	<u>\$ 2,220,317</u>	<u>\$ 103,571</u>	<u>\$ 128,197</u>	<u>\$ 66,063</u>
LIABILITIES							
Accounts payable	\$ 89,018	\$ 165	\$ -	\$ -	\$ 43,169	\$ 4,015	\$ 9,873
Due to other funds	51,281	-	122,211	1,295	-	-	15,133
Unearned revenues	-	-	-	-	-	-	-
Total liabilities	<u>140,299</u>	<u>165</u>	<u>122,211</u>	<u>1,295</u>	<u>43,169</u>	<u>4,015</u>	<u>25,006</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - housing loans	-	-	-	-	-	-	-
Unavailable revenues - accrued interest	-	-	-	-	-	-	-
Unavailable revenues - grants	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Nonspendable	-	-	-	-	-	-	-
Restricted	8,179,020	740,428	16,619,826	2,219,022	60,402	124,182	41,057
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>8,179,020</u>	<u>740,428</u>	<u>16,619,826</u>	<u>2,219,022</u>	<u>60,402</u>	<u>124,182</u>	<u>41,057</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 8,319,319</u>	<u>\$ 740,593</u>	<u>\$ 16,742,037</u>	<u>\$ 2,220,317</u>	<u>\$ 103,571</u>	<u>\$ 128,197</u>	<u>\$ 66,063</u>

**CITY OF SALINAS
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	Vehicle Abatement	Recreation Parks	Cable	Municipal Art	Contributions & Donations	KDF Los Padres Dev Social Services	Measure X Transport Safety & Inv Plan
ASSETS							
Cash and investments	\$ 355,765	\$ 72,597	\$ 481,385	\$ 10,911	\$ 186,287	\$ 293,697	\$ 8,498,579
Receivables, net:							
Accrued interest	-	-	-	-	-	199	5,396
Due from outside agencies	68,818	-	44,797	-	-	-	1,415,896
Advances to other agency	-	-	-	-	-	-	-
Loan receivables	-	-	-	-	-	-	-
Land and properties held for resale	-	-	-	-	-	-	-
Total assets	<u>\$ 424,583</u>	<u>\$ 72,597</u>	<u>\$ 526,182</u>	<u>\$ 10,911</u>	<u>\$ 186,287</u>	<u>\$ 293,896</u>	<u>\$ 9,919,871</u>
LIABILITIES							
Accounts payable	\$ 8,674	\$ 1,099	\$ 45,859	\$ -	\$ -	\$ 105	\$ -
Due to other funds	-	-	-	-	-	-	783,795
Unearned revenues	-	-	-	-	-	20,472	-
Total liabilities	<u>8,674</u>	<u>1,099</u>	<u>45,859</u>	<u>-</u>	<u>-</u>	<u>20,577</u>	<u>783,795</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - housing loans	-	-	-	-	-	-	-
Unavailable revenues - accrued interest	-	-	-	-	-	-	-
Unavailable revenues - grants	35,329	-	-	-	-	-	-
Total deferred inflows of resources	<u>35,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Nonspendable	-	-	-	-	-	-	-
Restricted	380,580	71,498	480,323	10,911	186,287	273,319	9,136,076
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>380,580</u>	<u>71,498</u>	<u>480,323</u>	<u>10,911</u>	<u>186,287</u>	<u>273,319</u>	<u>9,136,076</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 424,583</u>	<u>\$ 72,597</u>	<u>\$ 526,182</u>	<u>\$ 10,911</u>	<u>\$ 186,287</u>	<u>\$ 293,896</u>	<u>\$ 9,919,871</u>

**CITY OF SALINAS
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	SBI Road Maintenance & Rehab	SBI Traffic Congestion Relief	SRA Public Impvt Grant	Affordable Housing	Housing and Urban Development Grant	Grants	CARES Act	Total
ASSETS								
Cash and investments	\$ 4,541,619	\$ 566,482	\$ 1,623,341	\$ 3,062,870	\$ 288,017	\$ 1,528,795	\$ -	\$ 49,258,439
Receivables, net:								
Accrued interest	2,983	384	1,114	715,502	106	-	-	744,921
Due from outside agencies	548,027	-	-	-	4,272,638	664,907	-	7,567,849
Advances to other agency	-	-	-	-	-	-	-	-
Loan receivables	-	-	-	16,571	188,811	-	-	205,382
Land and properties held for resale	-	-	850,000	1,657,553	-	-	-	2,507,553
Total assets	<u>\$ 5,092,629</u>	<u>\$ 566,866</u>	<u>\$ 2,474,455</u>	<u>\$ 5,452,496</u>	<u>\$ 4,749,572</u>	<u>\$ 2,193,702</u>	<u>\$ -</u>	<u>\$ 60,284,144</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ 1,298	\$ 838,457	\$ 90,229	\$ -	\$ 1,131,961
Due to other funds	-	-	-	-	3,051,414	372,826	-	4,397,955
Unearned revenues	-	-	-	-	-	40,027	-	60,499
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,298</u>	<u>3,889,871</u>	<u>503,082</u>	<u>-</u>	<u>5,590,415</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues - housing loans	-	-	-	16,571	188,811	-	-	205,382
Unavailable revenues - accrued interest	-	-	-	696,810	-	-	-	696,810
Unavailable revenues - grants	-	-	-	-	1,546,601	227,321	-	1,809,251
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>713,381</u>	<u>1,735,412</u>	<u>227,321</u>	<u>-</u>	<u>2,711,443</u>
FUND BALANCE								
Nonspendable	-	-	850,000	1,674,124	-	-	-	2,524,124
Restricted	5,092,629	566,866	1,624,455	3,063,693	-	1,463,299	-	50,333,873
Unassigned	-	-	-	-	(875,711)	-	-	(875,711)
Total fund balances	<u>5,092,629</u>	<u>566,866</u>	<u>2,474,455</u>	<u>4,737,817</u>	<u>(875,711)</u>	<u>1,463,299</u>	<u>-</u>	<u>51,982,286</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,092,629</u>	<u>\$ 566,866</u>	<u>\$ 2,474,455</u>	<u>\$ 5,452,496</u>	<u>\$ 4,749,572</u>	<u>\$ 2,193,702</u>	<u>\$ -</u>	<u>\$ 60,284,144</u>

CITY OF SALINAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Lighting, Landscape and Maintenance District	Local Public Safety	Development Fees	Gas Tax	Emergency Medical Services	Asset Seizure	Traffic Safety
REVENUES							
Taxes	\$ -	\$ 562,280	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - special assessments	1,956,092	-	-	-	-	-	-
Intergovernmental	-	534,611	-	3,465,446	138,815	10,812	-
Charges for services	-	-	1,375,537	-	-	-	-
Interest	38,602	55	80,652	11,436	(466)	1,599	-
Rental income	-	-	-	188,936	-	-	-
Fines and forfeits	-	-	-	-	-	-	347,462
Miscellaneous	(20,322)	-	-	-	-	-	-
Total revenues	<u>1,974,372</u>	<u>1,096,946</u>	<u>1,456,189</u>	<u>3,665,818</u>	<u>138,349</u>	<u>12,411</u>	<u>347,462</u>
EXPENDITURES							
Current:							
General government	18,971	-	-	-	-	-	79,165
Public safety	-	600,000	-	-	1,236,890	6,670	-
Public works	1,027,877	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Capital outlay	12,179	-	-	-	669	-	-
Total expenditures	<u>1,059,027</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>1,237,559</u>	<u>6,670</u>	<u>79,165</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>915,345</u>	<u>496,946</u>	<u>1,456,189</u>	<u>3,665,818</u>	<u>(1,099,210)</u>	<u>5,741</u>	<u>268,297</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	1,015,300	-	-
Operating transfers out	(25,652)	(311,973)	(619,898)	(2,694,733)	(8,112)	-	(250,000)
Total other financing sources (uses)	<u>(25,652)</u>	<u>(311,973)</u>	<u>(619,898)</u>	<u>(2,694,733)</u>	<u>1,007,188</u>	<u>-</u>	<u>(250,000)</u>
NET CHANGE IN FUND BALANCE	889,693	184,973	836,291	971,085	(92,022)	5,741	18,297
FUND BALANCES, BEGINNING OF YEAR	<u>7,289,327</u>	<u>555,455</u>	<u>15,783,535</u>	<u>1,247,937</u>	<u>152,424</u>	<u>118,441</u>	<u>22,760</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,179,020</u>	<u>\$ 740,428</u>	<u>\$ 16,619,826</u>	<u>\$ 2,219,022</u>	<u>\$ 60,402</u>	<u>\$ 124,182</u>	<u>\$ 41,057</u>

CITY OF SALINAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Vehicle Abatement	Recreation Parks	Cable	Municipal Art	Contributions & Donations	KDF Los Padres Dev Social Services	Measure X Transport Safety & Inv Plan
REVENUES							
Taxes	\$ -	\$ -	\$ 180,430	\$ -	\$ -	\$ -	\$ -
Taxes - special assessments	-	-	-	-	-	-	-
Intergovernmental	182,903	-	-	-	140	-	4,865,845
Charges for services	-	-	-	5,941	-	-	-
Interest	-	-	-	-	(898)	1,527	35,987
Rental income	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	66,569	40,282	-
Total revenues	<u>182,903</u>	<u>-</u>	<u>180,430</u>	<u>5,941</u>	<u>65,811</u>	<u>41,809</u>	<u>4,901,832</u>
EXPENDITURES							
Current:							
General government	-	-	125,001	-	-	-	-
Public safety	228,856	-	-	-	10,025	-	-
Public works	-	-	-	-	-	-	-
Recreation	-	16,736	-	-	140	3,828	-
Library	-	-	-	-	5,000	-	-
Capital outlay	-	-	61,201	-	-	-	-
Total expenditures	<u>228,856</u>	<u>16,736</u>	<u>186,202</u>	<u>-</u>	<u>15,165</u>	<u>3,828</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(45,953)</u>	<u>(16,736)</u>	<u>(5,772)</u>	<u>5,941</u>	<u>50,646</u>	<u>37,981</u>	<u>4,901,832</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	50,000	-	-	-	-	-	-
Operating transfers out	-	-	-	-	(2,185)	-	(4,380,893)
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,185)</u>	<u>-</u>	<u>(4,380,893)</u>
NET CHANGE IN FUND BALANCE	4,047	(16,736)	(5,772)	5,941	48,461	37,981	520,939
FUND BALANCES, BEGINNING OF YEAR	376,533	88,234	486,095	4,970	137,826	235,338	8,615,137
FUND BALANCE, END OF YEAR	<u>\$ 380,580</u>	<u>\$ 71,498</u>	<u>\$ 480,323</u>	<u>\$ 10,911</u>	<u>\$ 186,287</u>	<u>\$ 273,319</u>	<u>\$ 9,136,076</u>

CITY OF SALINAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	SB1 Road Maintenance & Rehab	SB1 Traffic Congestion Relief	SRA Public Improvement Grant	Affordable Housing	Housing and Urban Development Grant	Grants	CARES Act	Total
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 742,710
Taxes - special assessments	-	-	-	-	-	-	-	1,956,092
Intergovernmental	3,007,359	-	-	-	6,137,593	3,855,007	2,002,977	24,201,508
Charges for services	-	-	-	-	-	4,328	-	1,385,806
Interest	23,229	2,521	7,393	13,720	931	-	-	216,288
Rental income	-	-	-	-	-	49,824	-	238,760
Fines and forfeits	-	-	-	-	-	-	-	347,462
Miscellaneous	-	-	-	111,995	888,566	60,000	-	1,147,090
Total revenues	3,030,588	2,521	7,393	125,715	7,027,090	3,969,159	2,002,977	30,235,716
EXPENDITURES								
Current:								
General government	-	-	-	22,815	7,769,125	1,037,723	-	9,052,800
Public safety	-	-	-	-	-	866,298	-	2,948,739
Public works	-	-	-	-	-	10,723	-	1,038,600
Recreation	-	-	-	-	-	250,928	-	271,632
Library	-	-	-	-	-	33,746	-	38,746
Capital outlay	-	-	-	-	140,498	908,956	-	1,123,503
Total expenditures	-	-	-	22,815	7,909,623	3,108,374	-	14,474,020
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,030,588	2,521	7,393	102,900	(882,533)	860,785	2,002,977	15,761,696
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	13,271	29,048	-	1,107,619
Operating transfers out	(542,377)	-	-	(229,492)	(365,383)	(3,016)	(2,002,977)	(11,436,691)
Total other financing sources (uses)	(542,377)	-	-	(229,492)	(352,112)	26,032	(2,002,977)	(10,329,072)
NET CHANGE IN FUND BALANCE	2,488,211	2,521	7,393	(126,592)	(1,234,645)	886,817	-	5,432,624
FUND BALANCES, BEGINNING OF YEAR	2,604,418	564,345	2,467,062	4,864,409	358,934	576,482	-	46,549,662
FUND BALANCE, END OF YEAR	\$ 5,092,629	\$ 566,866	\$ 2,474,455	\$ 4,737,817	\$ (875,711)	\$ 1,463,299	\$ -	\$ 51,982,286

NON-MAJOR 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 debt service funds include the following debt issuances:

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 Rd Impy - 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.

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
DEBT SERVICE FUNDS
JUNE 30, 2021**

	COP 1999 & 2004 Consolidation (2014)	2018 Lease-PS Building Police	COP 2018B T.R.I.P. Total Rd Impv	Energy Improvement Lease	COP 2005 A & B 2015 Refunding	2018 Lease-El Gabilan Library
ASSETS						
Cash and investments	\$ 398,661	\$ 2,055	\$ 1,140,966	\$ 36,090	\$ 87,234	\$ 2,155
Receivables:						
Accrued interest	278	-	968	27	66	-
Restricted cash and investments	-	-	-	-	-	-
Total assets	<u>\$ 398,939</u>	<u>\$ 2,055</u>	<u>\$ 1,141,934</u>	<u>\$ 36,117</u>	<u>\$ 87,300</u>	<u>\$ 2,155</u>
LIABILITIES						
Accounts payable	\$ -	\$ 2,055	\$ -	\$ -	\$ -	\$ 2,155
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>2,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,155</u>
FUND BALANCE						
Restricted	398,939	-	1,141,934	36,117	87,300	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>398,939</u>	<u>-</u>	<u>1,141,934</u>	<u>36,117</u>	<u>87,300</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 398,939</u>	<u>\$ 2,055</u>	<u>\$ 1,141,934</u>	<u>\$ 36,117</u>	<u>\$ 87,300</u>	<u>\$ 2,155</u>

**CITY OF SALINAS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2021**

	2020A Refunding Energy	2020A Refunding SVSWA	Assessment District Administration	Assessment District Reserve	2019 Special Tax Bond Monte Bella	Total
ASSETS						
Cash and investments	\$ 3,867	\$ 5,234	\$ -	\$ 1,842,353	\$ 152,162	\$ 3,670,777
Receivables:						
Accrued interest	-	-	-	1,273	-	2,612
Restricted cash and investments	-	-	-	-	619,329	619,329
Total assets	<u>\$ 3,867</u>	<u>\$ 5,234</u>	<u>\$ -</u>	<u>\$ 1,843,626</u>	<u>\$ 771,491</u>	<u>\$ 4,292,718</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 11,341	\$ 15,551
Due to other funds	-	-	2,178	-	5,280	7,458
Total liabilities	<u>-</u>	<u>-</u>	<u>2,178</u>	<u>-</u>	<u>16,621</u>	<u>23,009</u>
FUND BALANCE						
Restricted	3,867	5,234	-	1,843,626	754,870	4,271,887
Unassigned	-	-	(2,178)	-	-	(2,178)
Total fund balance	<u>3,867</u>	<u>5,234</u>	<u>(2,178)</u>	<u>1,843,626</u>	<u>754,870</u>	<u>4,269,709</u>
Total liabilities and fund balances	<u>\$ 3,867</u>	<u>\$ 5,234</u>	<u>\$ -</u>	<u>\$ 1,843,626</u>	<u>\$ 771,491</u>	<u>\$ 4,292,718</u>

CITY OF SALINAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	COP 1999 & 2004 Consolidation (2014)	2018 Lease-PS Building Police	COP 2018B T.R.I.P. Total Rd Impv	Energy Improvement Lease	COP 2005 A & B 2015 Refunding	2018 Lease-El Gabilan Library
REVENUES						
Taxes - special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,111	-	15,255	311	434	-
Total revenues	<u>1,111</u>	<u>-</u>	<u>15,255</u>	<u>311</u>	<u>434</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Debt service:						
Principal retirement	153,000	2,640,000	710,000	-	-	210,000
Interest and fiscal charges	75,636	2,097,436	1,628,575	-	288	579,973
Bond issuance cost	-	-	-	-	-	-
Total expenditures	<u>228,636</u>	<u>4,737,436</u>	<u>2,338,575</u>	<u>-</u>	<u>288</u>	<u>789,973</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(227,525)</u>	<u>(4,737,436)</u>	<u>(2,323,320)</u>	<u>311</u>	<u>146</u>	<u>(789,973)</u>
OTHER FINANCING SOURCES						
Refunding bond proceeds	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Operating transfers in	-	4,739,701	2,338,575	-	-	792,443
Total other financing sources	<u>-</u>	<u>4,739,701</u>	<u>2,338,575</u>	<u>-</u>	<u>-</u>	<u>792,443</u>
NET CHANGE IN FUND BALANCES	<u>(227,525)</u>	<u>2,265</u>	<u>15,255</u>	<u>311</u>	<u>146</u>	<u>2,470</u>
FUND BALANCES, BEGINNING OF YEAR	<u>626,464</u>	<u>(2,265)</u>	<u>1,126,679</u>	<u>35,806</u>	<u>87,154</u>	<u>(2,470)</u>
FUND BALANCES, END OF YEAR	<u>\$ 398,939</u>	<u>\$ -</u>	<u>\$ 1,141,934</u>	<u>\$ 36,117</u>	<u>\$ 87,300</u>	<u>\$ -</u>

CITY OF SALINAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	2020A Refunding Energy	2020A Refunding SVSWA	Assessment District Administration	Assessment District Reserve	2019 Special Tax Bond Monte Bella	Total
REVENUES						
Taxes - special assessments	\$ -	\$ -	\$ -	\$ -	\$ 339,612	\$ 339,612
Interest	-	-	-	8,465	68	25,644
Total revenues	-	-	-	8,465	339,680	365,256
EXPENDITURES						
Current:						
General government	-	-	-	-	54,659	54,659
Debt service:						
Principal retirement	540,000	580,000	-	-	50,000	4,883,000
Interest and fiscal charges	455,906	112,836	-	-	224,987	5,175,637
Bond issuance cost	334,488	89,720	-	-	160,519	584,727
Total expenditures	1,330,394	782,556	-	-	490,165	10,698,023
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,330,394)	(782,556)	-	8,465	(150,485)	(10,332,767)
OTHER FINANCING SOURCES						
Refunding bond proceeds	16,190,000	4,440,000	-	-	-	20,630,000
Premium on refunding bonds issued	3,230,127	561,244	-	-	-	3,791,371
Payment to refunded bond escrow agent	(19,081,771)	(4,906,289)	-	-	-	(23,988,060)
Operating transfers in	995,905	692,835	-	-	402,870	9,962,329
Total other financing sources	1,334,261	787,790	-	-	402,870	10,395,640
NET CHANGE IN FUND BALANCES	3,867	5,234	-	8,465	252,385	62,873
FUND BALANCES, BEGINNING OF YEAR	-	-	(2,178)	1,835,161	502,485	4,206,836
FUND BALANCES, END OF YEAR	\$ 3,867	\$ 5,234	\$ (2,178)	\$ 1,843,626	\$ 754,870	\$ 4,269,709

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for major capital acquisition and construction activities. The Capital Projects Funds used by the City in this report are as follows:

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 Spec 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.



This page is intentionally left blank.

**CITY OF SALINAS
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2021**

	Special Aviation	Assessment District Project	2019 Spec Tax Bond Monte Bella	Capital Projects	Total
ASSETS					
Cash and investments	\$ 1,227,358	\$ 416,288	\$ 5,982	\$ 2,000,000	\$ 3,649,628
Receivables, net:					
Accrued interest	849	292	596	-	1,737
Due from outside agencies	420,412	-	-	-	420,412
Due from other funds	-	-	-	2,080,093	2,080,093
Restricted cash and investments	-	-	237,672	-	237,672
Total assets	<u>\$ 1,648,619</u>	<u>\$ 416,580</u>	<u>\$ 244,250</u>	<u>\$ 4,080,093</u>	<u>\$ 6,389,542</u>
LIABILITIES					
Accounts payable	\$ 392,853	\$ -	\$ -	\$ 2,080,093	\$ 2,472,946
Due to other funds	-	-	214,310	-	214,310
Total liabilities	<u>392,853</u>	<u>-</u>	<u>214,310</u>	<u>2,080,093</u>	<u>2,687,256</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - grants	388,729	-	-	-	388,729
Total deferred inflows of resources	<u>388,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,729</u>
FUND BALANCE					
Restricted	867,037	416,580	29,940	-	1,313,557
Committed	-	-	-	2,000,000	2,000,000
Total fund balance	<u>867,037</u>	<u>416,580</u>	<u>29,940</u>	<u>2,000,000</u>	<u>3,313,557</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 1,648,619</u>	<u>\$ 416,580</u>	<u>\$ 244,250</u>	<u>\$ 4,080,093</u>	<u>\$ 6,389,542</u>

CITY OF SALINAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Aviation	Assessment District Project	2019 Spec Tax Bond Monte Bella	Capital Projects	Total
REVENUES					
Intergovernmental	\$ 531,043	\$ -	\$ -	\$ -	\$ 531,043
Interest	6,461	1,972	6,610	-	15,043
Total revenues	<u>537,504</u>	<u>1,972</u>	<u>6,610</u>	<u>-</u>	<u>546,086</u>
EXPENDITURES					
Current:					
General government	-	-	-	1,403,476	1,403,476
Public safety	-	-	-	593,988	593,988
Public works	-	-	-	6,151,757	6,151,757
Recreation	-	-	-	16,482	16,482
Library	-	-	-	158,641	158,641
Capital outlay	472,293	-	1,977,885	266,820	2,716,998
Debt service:					
Principal retirement	-	-	-	1,002,528	1,002,528
Interest and fiscal charges	-	-	-	140,454	140,454
Total expenditures	<u>472,293</u>	<u>-</u>	<u>1,977,885</u>	<u>9,734,146</u>	<u>12,184,324</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>65,211</u>	<u>1,972</u>	<u>(1,971,275)</u>	<u>(9,734,146)</u>	<u>(11,638,238)</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	-	-	2,937,947	-	2,937,947
Operating transfers in	-	-	-	9,734,146	9,734,146
Operating transfers out	-	-	(960,062)	-	(960,062)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,977,885</u>	<u>9,734,146</u>	<u>11,712,031</u>
NET CHANGE IN FUND BALANCE	65,211	1,972	6,610	-	73,793
FUND BALANCE, BEGINNING OF YEAR	<u>801,826</u>	<u>414,608</u>	<u>23,330</u>	<u>2,000,000</u>	<u>3,239,764</u>
FUND BALANCE, END OF YEAR	<u>\$ 867,037</u>	<u>\$ 416,580</u>	<u>\$ 29,940</u>	<u>\$ 2,000,000</u>	<u>\$ 3,313,557</u>

INTERNAL SERVICE FUNDS

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

Risk Management 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.



This page is intentionally left blank.

CITY OF SALINAS
COMBINING STATEMENT OF FUND NET POSITION (DEFICIT)
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Risk Management	General Insurance	Workers Compensation	General Liability	Fleet Maintenance	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 1,942,516	\$ 2,839,252	\$ 7,825,367	\$ 2,490,564	\$ 1,233,917	\$ 16,331,616
Receivables, net						
Excess insurance receivable	-	-	-	-	-	-
Accrued interest	-	-	5,530	1,962	-	7,492
Due from general fund	-	-	16,831,462	-	-	16,831,462
Total current assets	<u>1,942,516</u>	<u>2,839,252</u>	<u>24,662,359</u>	<u>2,492,526</u>	<u>1,233,917</u>	<u>33,170,570</u>
Noncurrent Assets:						
Restricted cash and investments	-	-	264,632	129,459	-	394,091
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>264,632</u>	<u>129,459</u>	<u>-</u>	<u>394,091</u>
Total assets	<u>1,942,516</u>	<u>2,839,252</u>	<u>24,926,991</u>	<u>2,621,985</u>	<u>1,233,917</u>	<u>33,564,661</u>
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	-	-	29,885	58,962	236,654	325,501
Related to OPEB	-	-	12,121	30,222	59,101	101,444
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>42,006</u>	<u>89,184</u>	<u>295,755</u>	<u>426,945</u>
Total assets and deferred outflows	<u>1,942,516</u>	<u>2,839,252</u>	<u>24,968,997</u>	<u>2,711,169</u>	<u>1,529,672</u>	<u>33,991,606</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	-	23,369	7,305	17,134	83,206	131,014
Insurance claims payable	-	-	24,873,941	3,157,700	-	28,031,641
Long term debt - due within one year	-	-	745	7,733	19,767	28,245
Total current liabilities	<u>-</u>	<u>23,369</u>	<u>24,881,991</u>	<u>3,182,567</u>	<u>102,973</u>	<u>28,190,900</u>
Noncurrent Liabilities:						
Long term debt - due in more than one year	-	-	2,978	30,932	79,068	112,978
Net pension liability	-	-	120,294	237,336	952,597	1,310,227
Net OPEB liability	-	-	47,587	118,650	232,026	398,263
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>170,859</u>	<u>386,918</u>	<u>1,263,691</u>	<u>1,821,468</u>
Total liabilities	<u>-</u>	<u>23,369</u>	<u>25,052,850</u>	<u>3,569,485</u>	<u>1,366,664</u>	<u>30,012,368</u>
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	-	-	1,008	1,988	7,976	10,972
Related to OPEB	-	-	8,949	22,314	43,635	74,898
Total deferred inflows	<u>-</u>	<u>-</u>	<u>9,957</u>	<u>24,302</u>	<u>51,611</u>	<u>85,870</u>
NET POSITION (DEFICIT)						
Restricted	-	-	-	-	-	-
Unrestricted	1,942,516	2,815,883	(93,810)	(882,618)	111,397	3,893,368
Total net position (deficit)	<u>\$ 1,942,516</u>	<u>\$ 2,815,883</u>	<u>\$ (93,810)</u>	<u>\$ (882,618)</u>	<u>\$ 111,397</u>	<u>\$ 3,893,368</u>

CITY OF SALINAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (DEFICIT)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Risk Management	General Insurance	Workers Compensation	General Liability	Fleet Maintenance	Total
OPERATING REVENUES						
Charges for services	\$ 500	\$ 276,946	\$ 8,673,931	\$ 262,552	\$ 1,712	\$ 9,215,641
Total operating revenues	500	276,946	8,673,931	262,552	1,712	9,215,641
OPERATING EXPENSES						
Personnel services	-	-	253,332	389,341	1,257,957	1,900,630
Contractual services	-	11,456	323,041	87,361	138,991	560,849
Supplies	-	-	-	-	691,171	691,171
Insurance	-	441,347	305,109	1,003,055	-	1,749,511
Insurance claims	-	-	8,908,373	(157,432)	-	8,750,941
Other	-	541,347	-	-	25,856	567,203
Total operating expenses	-	994,150	9,789,855	1,322,325	2,113,975	14,220,305
OPERATING INCOME (LOSS)	500	(717,204)	(1,115,924)	(1,059,773)	(2,112,263)	(5,004,664)
NONOPERATING REVENUES (EXPENSES)						
Investment income	-	-	37,739	13,840	-	51,579
Total nonoperating revenues (expenses)	-	-	37,739	13,840	-	51,579
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	500	(717,204)	(1,078,185)	(1,045,933)	(2,112,263)	(4,953,085)
Transfers in	-	-	1,000,000	2,661,300	1,995,400	5,656,700
CHANGE IN NET POSITION	500	(717,204)	(78,185)	1,615,367	(116,863)	703,615
NET POSITION (DEFICIT), BEGINNING OF YEAR	1,942,016	3,533,087	(15,625)	(2,497,985)	228,260	3,189,753
NET POSITION (DEFICIT), END OF YEAR	\$ 1,942,516	\$ 2,815,883	\$ (93,810)	\$ (882,618)	\$ 111,397	\$ 3,893,368

**CITY OF SALINAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Risk Management Fund	General Insurance Fund	Workers Compensation Fund	General Liability Fund	Fleet Maintenance Fund	Total
Cash Flows from Operating Activities:						
Receipts from interfund services provided	\$ 500	\$ 276,946	\$ 8,673,931	\$ 262,552	\$ 1,712	\$ 9,215,641
Payments to Suppliers	-	(977,783)	(628,150)	(1,090,416)	(849,394)	(3,545,743)
Payments to Employees	-	-	(157,194)	(401,785)	(956,266)	(1,515,245)
Payments to Claimants	-	-	(4,042,778)	(3,228,413)	-	(7,271,191)
Net Cash Provided (Used) by Operating Activities	500	(700,837)	3,845,809	(4,458,062)	(1,803,948)	(3,116,538)
Cash Flows from Non-Capital Financing Activities:						
Operating Transfers In	-	-	(2,449,899)	2,661,300	1,995,400	2,206,801
Net Cash Provided by Non-capital Financing Activities	-	-	(2,449,899)	2,661,300	1,995,400	2,206,801
Cash Flows from Investing Activities:						
Interest received	-	-	37,739	13,840	-	51,579
Increase in fair value of LAIF investments	-	-	12,854	8,098	-	20,952
Net Cash Provided by Investing Activities	-	-	50,593	21,938	-	72,531
Net increase (decrease) in cash and cash equivalents	500	(700,837)	1,446,503	(1,774,824)	191,452	(837,206)
Cash and cash equivalents at beginning of year	1,942,016	3,540,089	6,643,496	4,394,847	1,042,465	17,562,913
Cash and cash equivalents at end of year	<u>\$ 1,942,516</u>	<u>\$ 2,839,252</u>	<u>\$ 8,089,999</u>	<u>\$ 2,620,023</u>	<u>\$ 1,233,917</u>	<u>\$ 16,725,707</u>

CITY OF SALINAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Risk Management Fund</u>	<u>General Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>General Liability Fund</u>	<u>Fleet Maintenance Fund</u>	<u>Total</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position						
Ending cash and cash equivalents - statement of cash flows	\$ 1,942,516	\$ 2,839,252	\$ 8,089,999	\$ 2,620,023	\$ 1,233,917	\$ 16,725,707
Less amounts reported in restricted cash and investments	-	-	(264,632)	(129,459)	-	(394,091)
Cash and cash equivalents - statement of net position	<u>\$ 1,942,516</u>	<u>\$ 2,839,252</u>	<u>\$ 7,825,367</u>	<u>\$ 2,490,564</u>	<u>\$ 1,233,917</u>	<u>\$ 16,331,616</u>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	<u>\$ 500</u>	<u>\$ (717,204)</u>	<u>\$ (1,115,924)</u>	<u>\$ (1,059,773)</u>	<u>\$ (2,112,263)</u>	<u>\$ (5,004,664)</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:						
(Increase) decrease in deferred outflows - pension	-	-	(29,885)	66,016	13,302	49,433
(Increase) decrease in deferred outflows - OPEB	-	-	(7,862)	(19,911)	(37,359)	(65,132)
Increase (decrease) in accounts payable	-	16,367	1,175	2,577	14,083	34,202
Increase (decrease) in insurance claims	-	-	4,865,595	(3,385,845)	-	1,479,750
Increase (decrease) in accrued leave	-	-	1,151	19,327	15,713	36,191
Increase (decrease) in net pension liability	-	-	120,294	(101,880)	274,165	292,579
Increase (decrease) in net OPEB liability	-	-	11,550	31,403	48,048	91,001
Increase (decrease) in deferred inflows - pension	-	-	1,008	(7,495)	(10,987)	(17,474)
Increase (decrease) in deferred inflows - OPEB	-	-	(1,293)	(2,481)	(8,650)	(12,424)
Total Adjustments to Net Income	<u>-</u>	<u>16,367</u>	<u>4,961,733</u>	<u>(3,398,289)</u>	<u>308,315</u>	<u>1,888,126</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 500</u>	<u>\$ (700,837)</u>	<u>\$ 3,845,809</u>	<u>\$ (4,458,062)</u>	<u>\$ (1,803,948)</u>	<u>\$ (3,116,538)</u>

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 –

RORF - 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.

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.



This page is intentionally left blank.

CITY OF SALINAS
COMBINING STATEMENT OF NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2021

	Successor Agency Trust			Other Private Purpose Trust	Total
	Redevelopment Obligation Retirement Fund	Administration	Total Successor Agency Trust		
ASSETS					
Cash and investments	\$ 3,092,840	\$ 14,624	\$ 3,107,464	\$ 1,098,115	\$ 4,205,579
Cash and investments held by fiscal agent	1,640,648	-	1,640,648	-	1,640,648
Receivables					
Accounts	-	-	-	7,653	7,653
Interest	1,127	-	1,127	-	1,127
Loans and notes receivable	173,900	-	173,900	-	173,900
Capital assets, net of accumulated depreciation	149,270	-	149,270	-	149,270
Total assets	<u>5,057,785</u>	<u>14,624</u>	<u>5,072,409</u>	<u>1,105,768</u>	<u>6,178,177</u>
LIABILITIES					
Accounts payable	-	92	92	201,682	201,774
Interest payable	703,145	-	703,145	-	703,145
Deposits	-	-	-	55,186	55,186
Long term debt					
Due within one year	293,487	-	293,487	-	293,487
Due in more than one year	1,795,798	-	1,795,798	-	1,795,798
Total liabilities	<u>2,792,430</u>	<u>92</u>	<u>2,792,522</u>	<u>256,868</u>	<u>3,049,390</u>
DEFERRED INFLOWS OF RESOURCES					
Future ROPS	2,167,683	10,000	2,177,683	-	2,177,683
Total deferred inflows of resources	<u>2,167,683</u>	<u>10,000</u>	<u>2,177,683</u>	<u>-</u>	<u>2,177,683</u>
NET POSITION					
Restricted for:					
Individuals and organizations	97,672	4,532	102,204	848,900	951,104
Total net position	<u>\$ 97,672</u>	<u>\$ 4,532</u>	<u>\$ 102,204</u>	<u>\$ 848,900</u>	<u>\$ 951,104</u>

CITY OF SALINAS
COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Successor Agency Trust			Other Private Purpose Trust	Total
	Redevelopment Obligation Retirement Fund	Administration	Total Successor Agency Trust		
ADDITIONS					
Taxes	\$ 4,993,062	\$ 10,000	\$ 5,003,062	\$ -	\$ 5,003,062
Contributions					
Private contributions	-	-	-	1,062,508	1,062,508
Investment earnings					
Interest	74,953	-	74,953	-	74,953
Total additions	<u>5,068,015</u>	<u>10,000</u>	<u>5,078,015</u>	<u>1,062,508</u>	<u>6,140,523</u>
DEDUCTIONS					
Expenses	1,270,810	5,322	1,276,132	139,358	1,415,490
Payments on behalf of trustees	-	-	-	651,826	651,826
Contribution to other agencies	3,427,846	-	3,427,846	-	3,427,846
Total deductions	<u>4,698,656</u>	<u>5,322</u>	<u>4,703,978</u>	<u>791,184</u>	<u>5,495,162</u>
CHANGE IN NET POSITION	369,359	4,678	374,037	271,324	645,361
NET POSITION (DEFICIT)					
BEGINNING OF YEAR	<u>(271,687)</u>	<u>(146)</u>	<u>(271,833)</u>	<u>577,576</u>	<u>305,743</u>
END OF YEAR	<u>\$ 97,672</u>	<u>\$ 4,532</u>	<u>\$ 102,204</u>	<u>\$ 848,900</u>	<u>\$ 951,104</u>

CUSTODIAL FUNDS

Agency 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.

Business Improvements 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.



This page is intentionally left blank.

CITY OF SALINAS
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	SUBA Business Improvement District	Flexible Spending	Cafeteria Plan	Downtown Community Benefit District	Total
ASSETS					
Cash and investments	\$ 518	\$ 131,988	\$ 1	\$ 5,034	\$ 137,541
Receivables					
Accounts	-	140,461	-	-	140,461
Total assets	<u>518</u>	<u>272,449</u>	<u>1</u>	<u>5,034</u>	<u>278,002</u>
LIABILITIES					
Accounts payable	-	195,395	-	5,034	200,429
Total liabilities	<u>-</u>	<u>195,395</u>	<u>-</u>	<u>5,034</u>	<u>200,429</u>
NET POSITION					
Restricted for:					
Individuals and organizations	518	77,054	1	-	77,573
	<u>\$ 518</u>	<u>\$ 77,054</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 77,573</u>

CITY OF SALINAS
COMBINING STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	SUBA Business Improvement District	Flexible Spending	Cafeteria Plan	Downtown Community Benefit District	Total
ADDITIONS					
Contributions					
Plan members	\$ -	\$ 289,782	\$ -	\$ -	\$ 289,782
Assessments collected for other governments	488	-	-	464,111	464,599
Total additions	<u>488</u>	<u>289,782</u>	<u>-</u>	<u>464,111</u>	<u>754,381</u>
DEDUCTIONS					
Expenses	-	7,500	-	-	7,500
Benefit payments	-	290,946	-	-	290,946
Assessments disbursed to other governments	-	-	-	464,111	464,111
Total deductions	<u>-</u>	<u>298,446</u>	<u>-</u>	<u>464,111</u>	<u>762,557</u>
CHANGE IN NET POSITION	<u>488</u>	<u>(8,664)</u>	<u>-</u>	<u>-</u>	<u>(8,176)</u>
NET POSITION					
BEGINNING OF YEAR	<u>30</u>	<u>85,718</u>	<u>1</u>	<u>-</u>	<u>85,749</u>
END OF YEAR	<u><u>\$ 518</u></u>	<u><u>\$ 77,054</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 77,573</u></u>

**GENERAL,
MEASURE E,
& MEASURE G FUNDS**



This page is intentionally left blank.

CITY OF SALINAS
COMBINING BALANCE SHEET
GENERAL, MEASURE E, & MEASURE G FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Measure E</u>	<u>Measure G</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 24,712,081	\$ 6,995,906	\$ 20,918,683	\$ 52,626,670
Receivables, net				
Taxes	10,296,449	3,073,632	6,158,362	19,528,443
Accounts	304,226	-	-	304,226
Accrued interest	54,120	4,534	14,796	73,450
Due from outside agencies	75,000	-	-	75,000
Due from other funds	7,076,357	-	-	7,076,357
Advances to other funds	6,985,000	-	-	6,985,000
	<u>\$ 49,503,233</u>	<u>\$ 10,074,072</u>	<u>\$ 27,091,841</u>	<u>\$ 86,669,146</u>
LIABILITIES				
Accounts payable	\$ 3,821,348	\$ 472,848	\$ 608,749	\$ 4,902,945
Deposits	10,856	-	-	10,856
Due to other funds	16,931,997	237	327,572	17,259,806
	<u>20,764,201</u>	<u>473,085</u>	<u>936,321</u>	<u>22,173,607</u>
FUND BALANCE				
Nonspendable	7,060,000	-	-	7,060,000
Committed	1,149,699	248,454	947,449	2,345,602
Assigned	12,023,848	309,259	12,746,768	25,079,875
Unassigned	8,505,485	9,043,274	12,461,303	30,010,062
	<u>28,739,032</u>	<u>9,600,987</u>	<u>26,155,520</u>	<u>64,495,539</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 49,503,233</u>	<u>\$ 10,074,072</u>	<u>\$ 27,091,841</u>	<u>\$ 86,669,146</u>

CITY OF SALINAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL, MEASURE E, & MEASURE G FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Measure E</u>	<u>Measure G</u>	<u>Total</u>
REVENUES				
Taxes	\$ 99,025,621	\$ 15,042,746	\$ 30,232,358	\$ 144,300,725
Licenses and permits	812,083	-	-	812,083
Intergovernmental	1,557,920	-	-	1,557,920
Charges for services	4,833,230	-	-	4,833,230
Interest	303,375	17,417	95,788	416,580
Rental income	418,772	-	-	418,772
Fines and forfeits	275,938	-	-	275,938
Miscellaneous	865,714	24,563	-	890,277
Total revenues	<u>108,092,653</u>	<u>15,084,726</u>	<u>30,328,146</u>	<u>153,505,525</u>
EXPENDITURES				
Current:				
General government	26,669,650	402,146	1,344,574	28,416,370
Public safety	63,027,025	4,164,403	12,108,276	79,299,704
Public works	9,870,642	773,718	1,058,249	11,702,609
Recreation	782,803	1,040,353	824,280	2,647,436
Library	-	4,166,610	-	4,166,610
Capital outlay	349,550	77,264	173,063	599,877
Total expenditures	<u>100,699,670</u>	<u>10,624,494</u>	<u>15,508,442</u>	<u>126,832,606</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,392,983</u>	<u>4,460,232</u>	<u>14,819,704</u>	<u>26,672,919</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	5,396,486	700,000	-	6,096,486
Operating transfers out	(11,380,376)	(991,345)	(11,313,166)	(23,684,887)
Total other financing sources (uses)	<u>(5,983,890)</u>	<u>(291,345)</u>	<u>(11,313,166)</u>	<u>(17,588,401)</u>
NET CHANGE IN FUND BALANCE	1,409,093	4,168,887	3,506,538	9,084,518
FUND BALANCE, BEGINNING OF YEAR	<u>27,329,939</u>	<u>5,432,100</u>	<u>22,648,982</u>	<u>55,411,021</u>
FUND BALANCE, END OF YEAR	<u>\$ 28,739,032</u>	<u>\$ 9,600,987</u>	<u>\$ 26,155,520</u>	<u>\$ 64,495,539</u>



This page is intentionally left blank.

