



**Supplemental Material
was added to the
Executive Committee Meeting**

November 4, 2021
Agenda Packet

Pertaining to the following Scheduled Items:

[11/2/2021](#)

Item No. 6 Discussion on the Organics Processing and Composting Request for Proposals
Power Point Presentation - Added

The "*Supplemental Materials*" have been added to the end of its corresponding agenda item in the agenda packet.



Agenda - AMENDED
EXECUTIVE COMMITTEE
THURSDAY, November 4, 2021
4:00 p.m.

Conference Room
128 Sun Street, Suite. 101, Salinas, California

Public Participation Via Zoom
Meeting ID No. **824 1272 4739** | Passcode: **728823**

Information on virtual participation available via Zoom and important notice on page 2.

CALL TO ORDER

ROLL CALL

President	Chris Lopez (County of Monterey)
Vice President	Christie Cromeenes (City of Salinas)
Alternate Vice President	Andrew Tipton (City of Greenfield)
Past President	Robert Cullen (City of King)

GENERAL MANAGER AND DEPARTMENT MANAGER COMMENTS

COMMITTEE MEMBER COMMENTS

PUBLIC COMMENTS

Receive public communications from audience on items which are not on the agenda. Speakers are limited to three minutes at the discretion of the Chair.

CONSIDERATION ITEMS

1. **Minutes of October 7, 2021 Meeting**
 - A. Committee Discussion
 - B. Public Comment
 - C. Recommended Committee Action – Approval
2. **September 2021 Claims and Financial Reports**
 - A. Receive report from Ray Hendricks, Finance and Administration Manager
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Forward to the Board and Recommend Approval
3. **A Resolution Approving the Allocation of Cash Balances for Fiscal Year 2020-21, and Supplemental Appropriation to Fund Adjustments to the Operating and Capital Improvement Budgets**
 - A. Receive report from Ray Hendricks, Finance and Administration Manager
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Forward to the Board and Recommend Approval
4. **A Resolution Adopting the Revised Financial Policies**
 - A. Receive report from Ray Hendricks, Finance and Administration Manager
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Forward to the Board and Recommend Approval
5. **Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2021**
 - A. Receive verbal report from Ray Hendricks, Finance and Administration Manager
 - B. Committee Discussion

- C. Public Comment
- D. Recommended Committee Action – Provide Input and Direction

Added 6. Discussion on the Organics Processing and Composting Request for Proposals

- A. Receive a report from Mandy Brooks Resource Recovery Manager
- B. Committee Comment
- C. Public Comment
- D. Recommended Committee Action – Provide Input and Direction

FUTURE AGENDA ITEMS

7. Future Agenda Items – View Ahead Calendar

CLOSED SESSION

Receive public comment from audience before entering into closed session:

- 8. Pursuant to **Government Code Section 54957.6** to provide instruction to General Manager/CAO Patrick Mathews, Asst. GM/Ops Manager Cesar Zuñiga, and General Counsel Roy C. Santos, to negotiate salaries and benefits with SVSWA employees - management and non-management.
- 9. Pursuant to **Government Code Section 54957 (b)** to consider the Performance Evaluation of the General Manager/Chief Administrative Officer Patrick Mathews for 2021.

RECONVENE

ADJOURNMENT

Important Notice

In accordance with AB361, State, County, and local orders, recommendations on protocols to contain the spread of COVID-19, this meeting will be conducted in hybrid in-person/virtual format. To maintain appropriate social distance of six feet between individuals only the Committee Members and crucial staff will be allowed to attend in person as space is limited in the conference room.

Members of the public interested in observing the meeting may do so on our YouTube channel <https://www.youtube.com/user/svswa831>. To participate during the meeting and make a general comment, or to comment on a specific agenda item as an item is being heard, you may join the meeting virtually through Zoom using the link below. Join using the computer audio at: <https://us02web.zoom.us/j/82412724739?pwd=YmdkeFMraWwxNnlhUFcrRU5qSmlXQT09>.

To Participate by telephone dial any of the numbers listed below and enter the meeting ID number and passcode listed:

+1 669 900 9128	+1 253 215 8782	+1 346 248 7799
+1 301 715 8592	+ 1 312 626 6799	+ 1 646 558 8656
Enter Meeting ID: # 824 1272 4739		Passcode: 728823
To Raise your Hand press *9		To Mute and Unmute yourself press *6

Public comments may also be submitted via e-mail to the Clerk of the Board at comment@svswa.org. Comment must be received by 2 p.m. on Thursday, November 2, 2021 and should be limited to 250 words or less. Every effort will be made to read your comment into the record, but some comments may not be read due to time limitations. Comments received via e-mail after 2 p.m. will be made part of the record if received prior to the end of the meeting. To assist the Clerk in identifying the agenda item relating to your public comment, please indicate in the Subject Line the item number (i.e. Item No. 10).

This amended meeting agenda was posted at the Salinas Valley Solid Waste Authority office at 128 Sun Street, Suite 101, Salinas, on **Monday, November 1, 2021**. The original meeting agenda was posted on Thursday, October 28, 2021. The Executive Committee will next meet in regular session on **Thursday, December 2, 2021, at 4:00 p.m.** Staff reports for the Authority Executive Committee meetings are available for review at 128 Sun Street, Suite 101, Salinas, California 93901, Phone 831-775-3000 and at www.salinasvalleyrecycles.org.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meeting, please contact Erika J. Trujillo, Clerk of the Board, at 831-775-3000. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting (28 CFR Executive Committee to provide direction 35.102-35.104 ADA Title II)

**MINUTES OF MEETING
SALINAS VALLEY SOLID WASTE AUTHORITY
EXECUTIVE COMMITTEE
October 7, 2021**

Executive Committee members and essential staff were present at 128 Sun Street, Suite 101, Salinas, CA.
Other staff and General Counsel attended virtually via Zoom.

CALL TO ORDER

President Lopez called the meeting to order at 4:00 p.m.

COMMITTEE MEMBERS PRESENT (In Person)

Chris Lopez President
Christie Cromeenes Vice President
Andrew Tipton Alternate Vice President

COMMITTEE MEMBERS ABSENT

Robert Cullen Past-President

STAFF MEMBERS PRESENT (In Person)

Patrick Mathews, General Manager/CAO
Cesar Zuñiga, Asst. General Manager/
Operations Manager
Ray Hendricks, Finance and Administration
Manager
Rosie Ramirez, Administrative Assistant

Erika J. Trujillo, Clerk of the Board
Via Zoom
Mandy Brooks, Resource Recovery Manager
Brian Kennedy, Engineering and
Environmental Compliance Manager
Roy Santos, General Counsel

GENERAL MANAGER AND DEPARTMENT MANAGER COMMENTS

(4:01) Finance and Administration Manager Hendricks indicated that the audit is in process and will be presented in November. Unforeseen delays were encountered by the Auditors. He reported on the release of the June 30, 2020, PERS actuarial recently released and the Authority's funding status.

Resources Recovery Manager Brooks reported on the status of the Organics Processing, Composting, & Product Marketing Services request for proposals that was released.

COMMITTEE COMMENTS

(4:03) None

PUBLIC COMMENT

(4:04) None

CONSIDERATION ITEMS

(4:05)

1. Minutes of September 2, 2021 Meeting

Committee Discussion: None

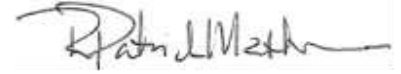
Public Comment: None

Committee Action: Vice President Cromeenes made a motion to approve the minutes as presented. Alternate Vice President Tipton seconded the motion. The motion passed unanimously: 3-0.

2. August 2021 Claims and Financial Reports

ITEM NO. 1

Agenda Item



General Manager/CAO

M. Sassano by E.T.

Authority General Counsel

(4:06) Finance and Administration Manager Hendricks provided a report on the Agency's finances, indicating that revenues and expenditures are aligning to the projected budget and comparable to last year.

Committee Discussion: None

Public Comment: None

Committee Action: Vice President Cromeenes made a motion to forward to the Board recommending approval. Alternate Vice President Tipton seconded the motion. The motion passed unanimously: 3-0.

3. A Resolution Approving the Purchase of Five Customized Shipping Containers from Conexwest for \$106,726.50 and a Supplemental Appropriation in the Amount of \$185,000 for Construction of the Outdoor Education Center at Johnson Canyon Landfill

(4:07) Resource Recovery Manager Brooks presented a report on the history of the development, design, the release of the request for bids for the customized shipping containers, and the timeline of the outdoor education center. She detailed the bid received and the total cost for the containers, delivery, and installation.

Committee Discussion: The Committee discussed the presentation.

Public Comment: None

Committee Action: Alternate Vice President Tipton made a motion to forward to the Board recommending approval. Vice President Cromeenes seconded the motion. The motion passed unanimously: 3-0.

4. Discussion on Reinstating Board of Directors Strategic Planning Workshops

(4:23) General Manager/CAO Mathews provided an overview of the past practices and previous facilitators of the strategic planning sessions. He indicated that a request for proposals to select a facilitator would need to be released.

Committee Discussion: The Committee discussed the report.

Public Comment: None

Committee Action: By consensus the Committee directed staff to release the request for proposals to recruit a facilitator for a four-to-five-hour afternoon retreat session in January of 2021.

5. Update on the Sun Street Transfer Station Relocation Project and City of Salinas' One Year Notice of Intent to Withdraw from the Joint Powers Agreement with the Salinas Valley Solid Waste Authority

(4:50) General Manager/CAO Mathews reported that the letter was received from the City of Salinas in which they rescinded their one-year notice of intent to withdraw submitted in December 2018. He indicated a meeting is scheduled with Republic Services to discuss the progress of the relocation of the Sun Street Transfer Station programs.

Committee Discussion: The Committee discussed the report.

Public Comment: None

Committee Action: None; Informational Only

FUTURE AGENDA ITEMS

6. Future Agenda Items – View Ahead Calendar

(4:56) The Committee discussed the view ahead.

CLOSED SESSION

(5:00) General Manager/CAO Mathews indicated there will be no discussion on item no. 7. President Lopez invited public comment on item nos. 8, and 9.

7. Pursuant to **Government Code Section 54956.8** to confer with legal counsel and real property negotiators General Manager/CAO Patrick Mathews, Asst. GM/Ops Manager Cesar Zuñiga, Finance and Administration Manager Ray Hendricks, and General Counsel Michelle E. Sassano, concerning the possible terms and conditions of acquisition, lease, exchange or sale of **1)** Salinas Valley Solid Waste Authority Property, APNs 003-051-086 and 003-051-087, located at 135-139 Sun Street, Salinas, CA; **2)** Republic Services Property, APNs 261-051-005, 007, and 019, located at 1120 Madison Lane, Salinas, CA; **3)** Property, APN: 002-244-002-000, located at 215 Lincoln Avenue, Salinas, CA.
8. Pursuant to **Government Code Section 54957.6** to provide instruction to General Manager/CAO Patrick Mathews to negotiate salaries and benefits with SVSWA employees - management and non-management.
9. Pursuant to **Government Code Section 54957 (b)** to consider the performance Evaluation of the General Manager/Chief Administrative Officer Patrick Mathews for 2021.

PUBLIC COMMENTED

(5:00) None

(5:01) President Lopez adjourned the meeting to closed session to discuss Item Nos. 8, and 9.

RECONVENE

(5:37) President Lopez reconvened the meeting to open session with no reportable actions taken in closed session.

ADJOURNMENT

(5:38) President Lopez adjourned the meeting.

APPROVED: _____
Christopher M. Lopez, President

ATTEST: _____
Erika J. Trujillo, Clerk of the Board



Report to the Executive Committee

ITEM NO. 2

Finance and Administration
Manager/Controller/Treasurer

General Manager/CAO

N/A

Authority General Counsel

Date: November 04, 2021

From: C. Ray Hendricks, Finance and Administration Manager

Title: September 2021 Claims and Financial Reports

RECOMMENDATIONS

Staff requests that the Executive Committee recommends acceptance of the September 2021 Claims and Financial Reports.

DISCUSSION & ANALYSIS

Please refer to the attached financial reports and checks issued report for the month of September for a summary of the Authority's financial position as of September 31, 2021. The following are highlights of the Authority's financial activity for the month of September.

Results of Operations (Consolidated Statement of Revenues and Expenditures)

For the month of September 2021, operating revenues exceeded expenditures by \$989,429.

Revenues (Consolidated Statement of Revenues and Expenditures)

	Budget	Actual	Over/(Under)
Tipping Fees - Solid Waste	1,226,883	1,472,616	245,733
Tipping Fees - Diverted Materials	274,667	245,516	(29,151)
Total Revenue	2,059,564	2,204,580	145,016

Solid Waste revenues for September were \$245,733 or 20.0% over budgeted amounts. Diverted Material revenues for September were \$29,151 or 10.6% under budgeted amounts. September total revenue was 145,016 or 7.0% over budgeted amounts.

	Y-T-D Budget	Y-T-D Actual	Over/(Under)
Tipping Fees - Solid Waste	3,772,398	4,440,447	668,049
Tipping Fees - Diverted Materials	839,352	802,544	(36,808)
Total Revenue	6,045,289	6,616,171	570,882

Solid Waste revenues year to date as of September were \$668,049 or 17.7% over budgeted amounts. Diverted Material revenues year to date as of September were \$36,808 or 4.4% under budgeted amounts. Year to date total revenue as of September was 570,882 or 9.4% over budgeted amounts.

Operating Expenditures (Consolidated Statement of Revenues and Expenditures)

As of September 31, 2021 (25.0% of the fiscal year), year-to-date operating expenditures totaled \$6,177,949. This is 30.1% of the operating budget of \$20,525,000.

Capital Project Expenditures (Consolidated Grant and CIP Expenditures Report)

For the month of September 2021, capital project expenditures totaled \$121,523. \$47,162 was for the JC Module Engineering and Construction. \$28,252 was for the CH Postclosure Maintenance project. \$27,453 was for the Community-Based Social Marketing project. \$10,370 was for the LR Postclosure Maintenance project.

Claims Checks Issued Report

The Authority's Checks Issued Report for the month of September 2021 is attached for review and acceptance. September disbursements total \$1,293,346.57 of which \$545,628.74 was paid from the payroll checking account for payroll and payroll related benefits.

Following is a list of vendors paid more than \$50,000 during the month of September 2021.

Vendor	Services	Amount
Vision Recycling	August Greenwaste Processing	\$133,142.95
Republic Services	Madison Lane Lease Deposit & Monthly Trash Service for Admin Office	\$100,078.25
Southern Counties Lubricants	All Sites Equipment & Vehicle Fuel	\$78,805.18

Cash Balances

The Authority's cash position increased \$969,003.48 during September to \$32,717,681.59. Most of the cash balance is restricted, held in trust, committed, or assigned as shown below. The debt principal and interest payments totaling \$2,517,079.31 on September 1, 2021, substantially reduced cash available for operations. This will be recovered over the next few months from profitable operations.

Restricted by Legal Agreements:

Johnson Canyon Closure Fund	4,917,177.80
Restricted for Pension Liabilities	282,919.28
State & Federal Grants	4,079.73
BNY - Bond 2014A Payment	-
BNY - Bond 2014B Payment	-

Funds Held in Trust:

Central Coast Media Recycling Coalition	57,395.13
Employee Unreimbursed Medical Claims	12,696.67

Committed by Board Policy:

AB939 Services	227,168.45
Undesignated Reserves	2,159,677.96
Designated for Capital Projects Reserve	4,959,528.33
Designated for Environmental Impairment Reserve	1,851,462.97
Designated for Operating Reserve	2,870,580.00
Expansion Fund (South Valley Revenues)	8,678,735.32

Assigned for Post Closure and Capital Improvements

Crazy Horse Post Closure	1,038,848.89
Lewis Road Post Closure	316,754.72
Jolon Road Post Closure	189,491.61
Johnson Canyon Post Closure	1,937,971.00
Capital Improvement Projects	6,819,511.97

Available for Operations: (3,606,318.24)

Total 32,717,681.59

ATTACHMENTS

1. September 2021 Consolidated Statement of Revenues and Expenditures
2. September 2021 Consolidated Grant and CIP Expenditures Report
3. September 2021 Checks Issued Report

Salinas Valley Solid Waste Authority
Consolidated Statement of Revenues and Expenditure
For Period Ending September 30, 2021

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
<u>Revenue Summary</u>							
Tipping Fees - Solid Waste	14,385,000	1,472,616	4,440,447	30.9 %	9,944,553	0	9,944,553
Tipping Fees - Surcharge	1,486,800	122,967	372,788	25.1 %	1,114,012	0	1,114,012
Tipping Fees - Diverted Materials	3,188,250	245,516	802,544	25.2 %	2,385,706	0	2,385,706
AB939 Service Fee	3,460,000	288,334	865,002	25.0 %	2,594,998	0	2,594,998
Charges for Services	141,300	7,140	25,800	18.3 %	115,500	0	115,500
Sales of Materials	245,500	54,212	95,795	39.0 %	149,705	0	149,705
Gas Royalties	290,000	0	0	0.0 %	290,000	0	290,000
Investment Earnings	75,000	13,795	13,795	18.4 %	61,205	0	61,205
Total Revenue	23,271,850	2,204,581	6,616,171	28.4 %	16,655,679	0	16,655,679
<u>Expense Summary</u>							
Executive Administration	498,700	31,536	96,549	19.4 %	402,151	107,223	294,928
Administrative Support	450,300	26,143	108,060	24.0 %	342,240	120,961	221,279
Human Resources Administration	264,600	22,044	53,155	20.1 %	211,445	9,116	202,328
Clerk of the Board	197,900	17,812	47,719	24.1 %	150,181	2,307	147,873
Finance Administration	842,000	62,754	192,167	22.8 %	649,833	10,202	639,631
Operations Administration	590,100	32,272	116,051	19.7 %	474,049	6,139	467,910
Resource Recovery	1,136,100	74,904	226,919	20.0 %	909,181	3,647	905,533
Marketing	75,600	0	5,838	7.7 %	69,762	0	69,762
Public Education	275,300	22,172	53,172	19.3 %	222,128	65,865	156,263
Household Hazardous Waste	787,800	43,250	100,801	12.8 %	686,999	210,171	476,829
C & D Diversion	466,900	2,400	20,916	4.5 %	445,984	114,651	331,333
Organics Diversion	1,999,900	164,335	345,942	17.3 %	1,653,958	1,469,052	184,906
Diversion Services	30,000	1,950	7,650	25.5 %	22,350	22,350	0
JR Transfer Station	682,500	36,204	135,543	19.9 %	546,957	92,317	454,640
JR Recycling Operations	182,300	10,582	29,272	16.1 %	153,028	17	153,011

Salinas Valley Solid Waste Authority
Consolidated Statement of Revenues and Expenditure
For Period Ending September 30, 2021

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
SS Disposal Operations	1,124,000	74,074	329,865	29.3 %	794,135	127,615	666,520
SS Transfer Operations	1,385,700	87,256	286,945	20.7 %	1,098,755	565,593	533,161
SS Recycling Operations	716,700	58,560	151,540	21.1 %	565,160	80,335	484,825
JC Landfill Operations	3,163,600	208,534	752,383	23.8 %	2,411,217	912,095	1,499,121
JC Recycling Operations	479,800	34,712	90,640	18.9 %	389,160	28,138	361,022
Johnson Canyon ECS	473,300	42,783	60,764	12.8 %	412,536	151,569	260,967
Sun Street ECS	181,900	16,521	18,100	10.0 %	163,800	75,186	88,614
Debt Service - Interest	1,279,000	0	662,079	51.8 %	616,921	0	616,921
Debt Service - Principal	1,855,000	0	1,855,000	100.0 %	0	0	0
Closure/Post Closure Set-Aside	336,000	34,995	104,456	31.1 %	231,544	0	231,544
Cell Construction Set-Aside	1,050,000	109,359	326,424	31.1 %	723,576	0	723,576
Total Expense	20,525,000	1,215,152	6,177,949	30.1 %	14,347,051	4,174,551	10,172,500
Revenue Over/(Under) Expenses	2,746,850	989,429	438,222	16.0 %	2,308,628	(4,174,551)	6,483,180

Salinas Valley Solid Waste Authority

Consolidated CIP Expenditure Report

For Period Ending September 30, 2021

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
<u>Fund 131 - Crazy Horse Post-Closure Fund</u>							
131 9316 CH Corrective Action Program	253,000	0	0	0.0 %	253,000	0	253,000
131 9319 CH LFG System Improvements	146,500	0	0	0.0 %	146,500	0	146,500
131 9321 CH Postclosure Maintenance	763,681	28,252	124,480	16.3 %	639,201	213,922	425,279
Total Fund 131 - Crazy Horse Post-Closure Fu	1,163,181	28,252	124,480	10.7 %	1,038,701	213,922	824,779
<u>Fund 141 - Lewis Road Post-Closure Fund</u>							
141 9402 LR LFG Well Replacement	50,000	0	0	0.0 %	50,000	0	50,000
141 9403 LR Postclosure Maintenance	330,532	10,370	63,777	19.3 %	266,755	73,100	193,655
Total Fund 141 - Lewis Road Post-Closure Fur	380,532	10,370	63,777	16.8 %	316,755	73,100	243,655
<u>Fund 161 - Jolon Road Post-Closure Fund</u>							
161 9604 JR Postclosure Maintenance	369,616	2,241	180,125	48.7 %	189,492	23,369	166,122
Total Fund 161 - Jolon Road Post-Closure Fur	369,616	2,241	180,125	48.7 %	189,492	23,369	166,122
<u>Fund 180 - Expansion Fund</u>							
180 9804 Long Range Facility Needs EIR	335,395	0	0	0.0 %	335,395	0	335,395
180 9806 Long Range Financial Model	28,388	0	0	0.0 %	28,388	0	28,388
180 9807 GOE Autoclave Final Project	100,000	0	0	0.0 %	100,000	0	100,000
Total Fund 180 - Expansion Fund	463,783	0	0	0.0 %	463,783	0	463,783
<u>Fund 211 - Grants</u>							
211 9220 Tire Amnesty 2019-20	4,121	(97)	3,675	89.2 %	447	0	447
211 9247 Cal Recycle - CCP	12,559	0	1,100	8.8 %	11,459	0	11,459
211 9257 Cal Recycle - 2019-20 CCP	15,910	300	300	1.9 %	15,610	1,239	14,371
211 9258 Cal Recycle - 2020-21 CCP	21,552	0	0	0.0 %	21,552	3,500	18,052
Total Fund 211 - Grants	54,142	203	5,075	9.4 %	49,068	4,739	44,329
<u>Fund 216 - Reimbursement Fund</u>							
216 9802 Autoclave Demonstration Unit	141,499	0	0	0.0 %	141,499	0	141,499

Salinas Valley Solid Waste Authority

Consolidated CIP Expenditure Report

For Period Ending September 30, 2021

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
216 9804 Long Range Facility Needs EIR	180,062	0	0	0.0 %	180,062	0	180,062
Total Fund 216 - Reimbursement Fund	321,560	0	0	0.0 %	321,560	0	321,560
Fund 800 - Capital Improvement Projects Fund							
800 9104 Organics System Expansion Study	31,756	0	0	0.0 %	31,756	0	31,756
800 9105 Concrete Grinding	70,000	0	0	0.0 %	70,000	0	70,000
800 9107 Scale House Software Upgrade	100,000	0	0	0.0 %	100,000	0	100,000
800 9108 Emergency Generators	222,568	0	0	0.0 %	222,568	159,106	63,461
800 9214 Organics Program 2016-17	563,340	0	0	0.0 %	563,340	0	563,340
800 9222 Community-Based Social Marketing &	120,000	27,453	27,453	22.9 %	92,547	92,547	0
800 9501 JC LFG System Improvements	109,465	5,841	5,841	5.3 %	103,624	0	103,624
800 9505 JC Partial Closure	100,000	0	0	0.0 %	100,000	0	100,000
800 9506 JC Litter Control Barrier	70,490	0	1,819	2.6 %	68,671	0	68,671
800 9507 JC Corrective Action	260,362	0	0	0.0 %	260,362	0	260,362
800 9509 JC Groundwater Well	250,000	0	0	0.0 %	250,000	0	250,000
800 9526 JC Equipment Replacement	1,216,025	0	0	0.0 %	1,216,025	0	1,216,025
800 9527 JC Module Engineering and Construc	2,149,120	47,162	101,612	4.7 %	2,047,508	2,347	2,045,161
800 9528 JC Roadway Improvements	100,049	0	0	0.0 %	100,049	0	100,049
800 9601 JR Transfer Station Improvements	357,138	0	0	0.0 %	357,138	0	357,138
800 9602 JR Equipment Purchase	240,000	0	0	0.0 %	240,000	0	240,000
800 9603 JR Well Replacement	150,000	0	0	0.0 %	150,000	0	150,000
800 9701 SSTS Equipment Replacement	358,568	0	0	0.0 %	358,568	0	358,568
800 9703 SSTS Improvements and Cleanup	160,934	0	0	0.0 %	160,934	0	160,934
Total Fund 800 - Capital Improvement Projects	6,629,814	80,457	136,725	2.1 %	6,493,088	254,000	6,239,088
Total CIP Expenditures	9,382,629	121,523	510,181	5.4 %	8,872,448	569,131	8,303,317

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
27654	ALESHIRE & WYNDER, LLP Monthly Legal Services	9/1/2021	4,341.60	4,341.60
27655	AT&T SERVICES INC All Sites Telephone Services	9/1/2021	454.95	454.95
27656	BC LABORATORIES, INC All Sites Lab Analysis	9/1/2021	3,687.40	3,687.40
27657	COAST COUNTIES TRUCK & EQUIPMENT CO. SS Vehicle Maintenance	9/1/2021	202.09	202.09
27658	Darlene Ruiz Liberty Composting & Recycling: Compost Tour	9/1/2021	168.62	168.62
27659	DON CHAPIN INC JC Facility Improvements	9/1/2021	19,362.88	19,362.88
27660	DOUGLAS NOLAN School Assembly Program	9/1/2021	10,975.00	10,975.00
27661	ERNEST BELL D. JR All Sites Janitorial Services	9/1/2021	3,524.00	3,524.00
27662	FEDEX Ops Overnight Shipments	9/1/2021	45.84	45.84
27663	FULL STEAM STAFFING LLC SS & JC Contract Labor	9/1/2021	7,118.92	7,118.92
27664	GOLDEN STATE TRUCK & TRAILER REPAIR All Sites Equipment & Vehicle Maintenance	9/1/2021	1,008.31	1,008.31
27665	GONZALES ACE HARDWARE All Sites Facility & Vehicle Maintenance	9/1/2021	297.23	297.23
27666	GRAINGER JC Org Facility Maintenance	9/1/2021	184.86	184.86
27667	GREEN RUBBER - KENNEDY AG, LP JC Maintenance Supplies	9/1/2021	21,983.18	21,983.18
27668	GREEN VALLEY INDUSTRIAL SUPPLY, INC JC Maintenance Supplies	9/1/2021	42.51	42.51
27669	GUERITO SS & JC Portable Toilets	9/1/2021	1,243.00	1,243.00
27670	HOME DEPOT All Sites Facility Maintenance JC LCRS Maintenance Supplies	9/1/2021	376.57 265.66	642.23
27671	HOPE SERVICES Monthly SS Litter Abatement	9/1/2021	13,355.37	13,355.37

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
27672	MISSION LINEN SUPPLY All Sites Uniforms	9/1/2021	250.44	250.44
27673	MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT LR, JC & CH Air Board Fees	9/1/2021	24,289.00	24,289.00
27674	QUINN COMPANY All Sites Equipment & Vehicle Maintenance	9/1/2021	375.92	375.92
27675	SAUL CARDENAS-IBARRA 4 sorting videos for schools	9/1/2021	1,825.00	1,825.00
27676	SCS ENGINEERS AB1383 Ad Tech Review	9/1/2021	3,734.50	3,734.50
27677	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	9/1/2021	26,565.63	26,565.63
27678	WESTERN EXTERMINATOR COMPANY All Sites Vector Control	9/1/2021	154.10	154.10
27679	WHITE CAP, L.P. CH Facility Maintenance JC Maintenance Supplies	9/1/2021	75.25 464.76	540.01
27680	WRIGHT EXPRESS FINANCIAL SERVICES CORPORATION Monthly Vehicle Fuel	9/1/2021	2,672.43	2,672.43
27681	ZUKUNFT INC. HHW Equipment Maintenance	9/1/2021	1,462.06	1,462.06
27682	ACTION RESEARCH Community Based Social Marketing	9/8/2021	27,452.91	27,452.91
27683	BARTEL ASSOCIATES, LLC Actuarial Services	9/8/2021	7,900.00	7,900.00
27684	BLUE STRIKE ENVIRONMENTAL Special Event Recycling	9/8/2021	2,160.00	2,160.00
27685	CESAR ZUÑIGA Operations Communication Lunch	9/8/2021	2,586.17	2,586.17
27686	COAST COUNTIES TRUCK & EQUIPMENT CO. SS Vehicle Maintenance	9/8/2021	19.00	19.00
27687	GOLDEN STATE TRUCK & TRAILER REPAIR All Sites Equipment & Vehicle Maintenance	9/8/2021	2,308.50	2,308.50
27688	GONZALES ACE HARDWARE All Sites Facility & Vehicle Maintenance	9/8/2021	24.78	24.78
27689	LIEBERT CASSIDY WHITMORE HR Legal Services	9/8/2021	3,865.00	3,865.00

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
27690	MANUEL PEREA TRUCKING, INC. All Sites Hauling Services	9/8/2021	1,137.50	1,137.50
27691	MISSION LINEN SUPPLY All Sites Uniforms	9/8/2021	268.82	268.82
27692	MONTEREY COUNTY HEALTH DEPARTMENT JC Compost Facility Permit	9/8/2021	13,847.00	13,847.00
27693	OFFICE DEPOT Adm Office Supplies	9/8/2021	112.53	112.53
27694	QUINN COMPANY All Sites Equipment & Vehicle Maintenance	9/8/2021	95.48	95.48
27695	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	9/8/2021	8,425.79	8,425.79
27696	TELCO BUSINESS SOLUTIONS Monthly Network Support	9/8/2021	245.35	245.35
27697	TRI-COUNTY FIRE PROTECTION, INC. SS Safety Supplies	9/8/2021	88.70	88.70
27698	VALERIO VARELA JR All Sites Vehicle & Equipment Maintenance	9/8/2021	2,210.00	2,210.00
27699	US BANK CORPORATE PAYMENT SYSTEM Amazon: Parts Supply Return ATT.com: Finance Internet ATT.com: Finance Internet United Airlines: WasteCon 2021 Baudville: Employee Communication Meeting Bearings Engineering: JC Org Maintenance Vista Print: RR Office Supplies Experian: Credit Checks Amazon: JC ECS Supplies Mega Controls Inc: Admin Office Supplies Intermedia: Monthly Exchange Server Hosting Constant Contact: RR Public Outreach Relevant Solutions: JC ECS Maintenance Supplies United Airlines: WasteCon 2021 Chevron: Ops Admin Vehicle Maintenance Amazon: Employee Recognition Supplies Amazon: JC Safety Supplies ATT.COM: JC Internet Service Zoom: RR Subscriptions Amazon: JC Maintenance Supplies Amazon: SS Facility Maintenance Mike's Pizza: JC EE Appreciation Amazon: JC Maintenance Supplies ArcMate: JC Ops Facility Maintenance Fence Screen: JC Facility Maintenance Northern Tools: JC Facility Maintenance Harbor Freight: CH Facility Maintenance Ubiquiti: Replacement Wifi Access Points	9/14/2021	(436.95) 43.23 43.23 36.00 118.87 418.00 31.67 99.90 732.65 75.82 434.93 220.50 1,969.25 256.80 5.44 41.05 146.70 70.00 130.23 172.39 373.56 120.00 89.43 443.87 1,286.54 646.48 240.48 216.32	

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
	Costco: RR Tech Laptop		726.03	
	Imprint: JC & SS Safety Supplies		229.98	
	Amazon: Replacement Safe		291.92	
	Zoom: Online Meetings		146.96	
	Amazon: JR Maintenance Supplies		150.31	
	Microsoft: Windows 10 Pro License		99.00	
	CRRA: Annual Conference Registration		300.00	
				9,970.59
27700	**Void**	9/14/2021	-	-
27701	**Void**	9/14/2021	-	-
27702	**Void**	9/14/2021	-	-
27703	A & G PUMPING, INC JC Org & JR Portable Toilets	9/14/2021	457.13	457.13
27704	A-7 AUSTIN, LTD Finance Dept Supplies	9/14/2021	263.65	263.65
27705	ACME CAR WASH Ops Adm, JC & SS Vehicle Maintenance	9/14/2021	180.00	180.00
27706	AGRI-FRAME, INC SS Vehicle Maintenance	9/14/2021	28.45	28.45
27707	AMERICAN SUPPLY CO. All Sites Janitorial Supplies	9/14/2021	608.55	608.55
27708	BC LABORATORIES, INC All Sites Lab Analysis	9/14/2021	456.98	456.98
27709	CITY OF GONZALES JC Water Service	9/14/2021	93.34	93.34
27710	CLARK PEST CONTROL, INC Adm Pest Control	9/14/2021	95.00	95.00
27711	COAST COUNTIES TRUCK & EQUIPMENT CO. SS Vehicle Maintenance	9/14/2021	422.16	422.16
27712	EDGES ELECTRICAL GROUP, LLC SS Equipment Maintenance	9/14/2021	13.78	13.78
27713	FEDEX Ops Overnight Shipments	9/14/2021	44.61	44.61
27714	FERGUSON ENTERPRISES INC #795 JC Maintenance Supplies	9/14/2021	783.97	783.97
27715	FRESNO OXYGEN SS Facility Maintenance	9/14/2021	976.20	976.20

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
27716	FULL STEAM STAFFING LLC SS & JC Contract Labor	9/14/2021	3,974.51	3,974.51
27717	GFOA - GOVERNMENT FINANCE OFFICERS ASSOCIATION Annual GAAP Update Webinar	9/14/2021	135.00	135.00
27718	GOLDEN STATE TRUCK & TRAILER REPAIR All Sites Equipment & Vehicle Maintenance	9/14/2021	432.35	432.35
27719	GONZALES ACE HARDWARE All Sites Facility & Vehicle Maintenance	9/14/2021	80.06	80.06
27720	GONZALES TIRE & AUTO SUPPLY SS & JC Facility Maintenance	9/14/2021	1,315.16	1,315.16
27721	**Void**	9/14/2021	-	-
27722	GRANITE CONSTRUCTION COMPANY JC LFG Quarry Rock	9/14/2021	5,319.74	5,319.74
27723	GUARDIAN SAFETY AND SUPPLY, LLC Adm Safety Supplies	9/14/2021	92.16	92.16
27724	JT HOSE & FITTINGS JC Equipment Maintenance	9/14/2021	210.25	210.25
27725	KANEKO AND KRAMMER CORP. Compensation Study	9/14/2021	2,560.00	2,560.00
27726	MISSION LINEN SUPPLY All Sites Uniforms	9/14/2021	114.10	114.10
27727	MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY SS Monthly Sewer Service	9/14/2021	952.27	952.27
27728	OFFICE DEPOT Adm Office Supplies	9/14/2021	703.77	703.77
27729	PITNEY BOWES GLOBAL Adm Postage Machine Lease	9/14/2021	417.93	417.93
27730	PROBUILD COMPANY LLC SS & JC Facility Maintenance	9/14/2021	1,908.58	1,908.58
27731	PURE WATER BOTTLING All Sites Water Service	9/14/2021	367.25	367.25
27732	QUINN COMPANY All Sites Equipment & Vehicle Maintenance	9/14/2021	8,282.34	8,282.34
27733	REPUBLIC SERVICES #471 Ops Adm Building Monthly Trash	9/14/2021	78.25	78.25

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
27734	Southern Counties Oil Co., a CA Limited Partnership All Sites Monthly Fuel	9/14/2021	5,142.94	5,142.94
27735	SPECIALTY DISTRIBUTORS INC. JC Equipment Maintenance	9/14/2021	645.18	645.18
27736	VALERIO VARELA JR All Sites Vehicle & Equipment Maintenance	9/14/2021	500.00	500.00
27737	VALLEY FABRICATION, INC. JC Equipment Maintenance	9/14/2021	86.31	86.31
27738	VOSTI'S INC All Sites Facility Supplies	9/14/2021	810.56	810.56
27739	WESTERN EXTERMINATOR COMPANY All Sites Vector Control	9/14/2021	307.65	307.65
27740	ASBURY ENVIRONMENTAL SERVICES HHW Hauling & Disposal	9/22/2021	95.00	95.00
27741	AT&T SERVICES INC All Sites Telephone Services	9/22/2021	390.06	390.06
27742	BC LABORATORIES, INC All Sites Lab Analysis	9/22/2021	146.26	146.26
27743	BRYAN EQUIPMENT JC Equipment Maintenance	9/22/2021	54.13	54.13
27744	CALIFORNIA WATER SERVICE SS & JRTS Water Services	9/22/2021	1,546.00	1,546.00
27745	CINTAS CORPORATION NO.2 SS Safety Supplies	9/22/2021	17.41	17.41
27746	CITY OF GONZALES Monthly Hosting Fee	9/22/2021	20,833.33	20,833.33
27747	COASTAL TRACTOR JC Equipment Maintenance	9/22/2021	209.81	209.81
27748	CORE & MAIN LP JC LFG Maintenance Supplies	9/22/2021	55.67	55.67
27749	CUTTING EDGE SUPPLY SS & JC Equipment Maintenance	9/22/2021	1,974.81	1,974.81
27750	DATAFLOW BUSINESS SYSTEMS INC. Printer Network Support	9/22/2021	20.61	20.61
27751	EAST BAY TIRE CO. SS Vehicle Maintenance	9/22/2021	30.47	30.47

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
27752	FEDEX Ops Adm Overnight Shipment	9/22/2021	45.84	45.84
27753	FRESNO OXYGEN JC Equipment & Facility Maintenance	9/22/2021	153.17	153.17
27754	FULL STEAM STAFFING LLC SS & JC Contract Labor	9/22/2021	5,539.93	5,539.93
27755	GOLDEN STATE TRUCK & TRAILER REPAIR All Sites Equipment & Vehicle Maintenance	9/22/2021	829.84	829.84
27756	GONZALES ACE HARDWARE All Sites Facility & Vehicle Maintenance	9/22/2021	224.91	224.91
27757	GRAINGER SS Safety Supplies	9/22/2021	55.06	55.06
27758	GRANITE ROCK CO/PAVEX SS Facility Maintenance	9/22/2021	54.77	54.77
27759	GREEN RUBBER - KENNEDY AG, LP JC Facility Maintenance Supplies	9/22/2021	2,038.53	2,038.53
27760	GREEN VALLEY INDUSTRIAL SUPPLY, INC JC Facility Maintenance Supplies	9/22/2021	223.92	223.92
27761	GUARDIAN SAFETY AND SUPPLY, LLC SS Safety Supplies	9/22/2021	32.78	32.78
27762	INFINITY STAFFING SERVICES, INC. All Sites Contract Labor	9/22/2021	3,462.00	3,462.00
27763	JT HOSE & FITTINGS All Sites Equipment Maintenance Supplies	9/22/2021	1,922.62	1,922.62
27764	**Void**	9/22/2021	-	-
27765	KING CITY HARDWARE INC. JR Facility Maintenance Supplies	9/22/2021	21.29	21.29
27766	Maestro Health FSA Service Fees	9/22/2021	150.00	150.00
27767	MICROSOFT CORPORATION Office 365 Subscription	9/22/2021	98.73	98.73
27768	MISSION LINEN SUPPLY All Sites Uniforms	9/22/2021	751.73	751.73
27769	NEXIS PARTNERS, LLC Monthly Adm Building Rent	9/22/2021	9,212.00	9,212.00

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
27770	OFFICE DEPOT All Sites Office Supplies	9/22/2021	85.00	85.00
27771	PENINSULA MESSENGER LLC All Sites Courier Service	9/22/2021	795.00	795.00
27772	PITNEY BOWES GLOBAL Adm Postage Machine Lease	9/22/2021	27.78	27.78
27773	PROBUILD COMPANY LLC JC Facility Maintenance	9/22/2021	269.28	269.28
27774	QUINN COMPANY All Sites Equipment & Vehicle Maintenance	9/22/2021	1,729.92	1,729.92
27775	REFRIGERATION SUPPLIES DISTRIBUTOR HHW Disposal Supplies	9/22/2021	130.00	130.00
27776	RIGOBERTO MURRILLO JC Org Maintenance Supplies	9/22/2021	167.00	167.00
27777	RONNIE G. REHN SS Facility Maintenance	9/22/2021	38.24	38.24
27778	SCALES UNLIMITED JC Scale Maintenance	9/22/2021	2,334.00	2,334.00
27779	SCS FIELD SERVICES All Sites Non-Routine Environmental Services	9/22/2021	3,176.00	3,176.00
27780	SHARPS SOLUTIONS, LLC HHW Hauling & Disposal	9/22/2021	200.00	200.00
27781	SOLEDAD TIRE & WHEEL SERVICE, INC. JC Vehicle Maintenance	9/22/2021	124.69	124.69
27782	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	9/22/2021	23,315.30	23,315.30
27783	TOYOTA MATERIAL HANDLING HHW Equipment Maintenance	9/22/2021	431.27	431.27
27784	VISION RECYCLING INC Monthly Organics & C&D Processing	9/22/2021	133,142.95	133,142.95
27785	WRIGHT EXPRESS FINANCIAL SERVICES CORPORATION Monthly Fuel	9/22/2021	3,231.30	3,231.30
27786	ASSOCIATION OF ENVIRONMENTAL PROFESSIONALS Annual Membership	9/28/2021	150.00	150.00
27787	AT&T SERVICES INC All Sites Telephone Services	9/28/2021	576.53	576.53

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
27788	BARTEL ASSOCIATES, LLC Actuarial Services	9/28/2021	6,900.00	6,900.00
27789	BC LABORATORIES, INC All Sites Lab Analysis	9/28/2021	856.60	856.60
27790	CALIFORNIA WATER SERVICE SS & JRTS Water Services	9/28/2021	225.48	225.48
27791	CLEAN EARTH ENVIRONMENTAL SOLUTIONS, INC. Monthly HHW Disposal & Supplies	9/28/2021	18,467.81	18,467.81
27792	COAST COUNTIES TRUCK & EQUIPMENT CO. SS Vehicle Maintenance	9/28/2021	7,936.18	7,936.18
27793	CSC OF SALINAS/YUMA JC Org Facility Maintenance	9/28/2021	122.93	122.93
27794	ERNEST BELL D. JR All Sites Janitorial Services	9/28/2021	3,140.00	3,140.00
27795	F.A.S.T. SERVICES Clerk Interpreting Services	9/28/2021	180.00	180.00
27796	FIRST ALARM All Sites Alarm Services	9/28/2021	1,808.70	1,808.70
27797	FULL STEAM STAFFING LLC SS & JC Contract Labor	9/28/2021	1,276.00	1,276.00
27798	GOLDEN STATE TRUCK & TRAILER REPAIR All Sites Equipment & Vehicle Maintenance	9/28/2021	1,532.09	1,532.09
27799	GONZALES ACE HARDWARE All Sites Facility & Vehicle Maintenance	9/28/2021	131.07	131.07
27800	GUERITO SS & JC Portable Toilets	9/28/2021	1,243.00	1,243.00
27801	HOPE SERVICES Monthly SS Litter Abatement	9/28/2021	12,694.46	12,694.46
27802	ICONIX WATERWORK (US) INC. JC Facility Maintenance	9/28/2021	1,465.42	1,465.42
27803	INFINITY STAFFING SERVICES, INC. JC Contract Labor	9/28/2021	2,714.98	2,714.98
27804	L. A. HEARNE COMPANY JR Maintenance Supplies	9/28/2021	1,290.87	1,290.87
27805	MANUEL PEREA TRUCKING, INC. All Sites Hauling Services	9/28/2021	1,200.00	1,200.00

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
27806	MISSION LINEN SUPPLY All Sites Uniforms	9/28/2021	738.21	738.21
27807	NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION SB 1383 Compostable bags	9/28/2021	3,018.20	3,018.20
27808	OFFICE DEPOT All Sites Office Supplies	9/28/2021	227.83	227.83
27809	PENINSULA PLASTICS LIMITED 1383 food waste bins	9/28/2021	3,935.60	3,935.60
27810	PRICILLIA RODRIGUEZ SS Hauling Services	9/28/2021	1,132.78	1,132.78
27811	QUINN COMPANY All Sites Equipment & Vehicle Maintenance	9/28/2021	1,172.72	1,172.72
27812	R.D. OFFUTT COMPANY JC Facility Maintenance	9/28/2021	441.00	441.00
27813	SCS FIELD SERVICES All Sites Routine Engineering Services	9/28/2021	31,900.00	31,900.00
27814	**Void**	9/28/2021	-	-
27815	SHARPS SOLUTIONS, LLC HHW Hauling & Disposal	9/28/2021	160.00	160.00
27816	SOCIAL VOCATIONAL SERVICES, INC. JC Litter Abatement	9/28/2021	1,607.70	1,607.70
27817	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	9/28/2021	20,498.46	20,498.46
27818	TELCO BUSINESS SOLUTIONS Monthly Network Support	9/28/2021	358.00	358.00
27819	TOYOTA MATERIAL HANDLING HHW Equipment Maintenance	9/28/2021	240.00	240.00
27820	UNITED RENTALS (NORTHWEST), INC CH Equipment Rental	9/28/2021	139.56	139.56
27821	VALERIO VARELA JR All Sites Vehicle & Equipment Maintenance	9/28/2021	2,350.00	2,350.00
27822	VALLEY FABRICATION, INC. JC Equipment Maintenance Supplies	9/28/2021	696.27	696.27
27823	VERIZON WIRELESS SERVICES JC, Organics, JR & RR Internet Service	9/28/2021	152.04	152.04

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2021 to 9/30/2021

Check #	Name	Check Date	Amount	Check Total
27824	WEST COAST RUBBER RECYCLING, INC Tire Recycling Services	9/28/2021	1,950.00	1,950.00
27825	WESTERN EXTERMINATOR COMPANY All Sites Vector Control	9/28/2021	154.10	154.10
27826	REPUBLIC SERVICES #471 Madison Lane Lease Deposit	9/29/2021	100,000.00	100,000.00
27827	HOME DEPOT All Sites Facility Maintenance Supplies	9/30/2021	2,276.05	2,276.05
27828	**Void**	9/30/2021	-	-
22-00104-DFT	PACIFIC GAS AND ELECTRIC COMPANY All Sites Electrical Services	9/2/2021	19,183.40	19,183.40
	Subtotal			747,717.83
	Payroll Disbursements			<u>545,628.74</u>
	Grand Total			<u>1,293,346.57</u>



Report to the Executive Committee

ITEM NO. 3

Finance and Administration Manager,
Controller/Treasurer

General Manager/CAO

R. Santos by E.T.

Authority General I Counsel

Date: November 4, 2021

From: C. Ray Hendricks, Finance and Administration Manager

Title: A Resolution Approving the Allocation of Cash Balances for Fiscal Year 2020-21, and Supplemental Appropriation to Fund Adjustments to the Operating and Capital Improvement Budgets

RECOMMENDATION

Staff requests that the Executive Committee recommends adoption of the resolution.

STRATEGIC PLAN RELATIONSHIP

This is a routine annual financial item.

FISCAL IMPACT

This item designates cash balances at year-end, 06-30-2021. Supplemental appropriations of \$400,000 will be made to fund Equipment needed for ML Transfer Operations, fully fund an equipment purchase approved at the October Board Meeting, additional outreach needed due to the pending closure of Sun Street Transfer Station, and additional SB1383 implementation. This supplemental appropriation will be funded using cash balances at 06-30-2021 prior to allocation to designated reserves in accordance with Board policy.

(continued to next page)

DISCUSSION & ANALYSIS

To determine the cash balance at 06-30-2021, the total of cash and investments at 06-30-2021 was reduced by the funds held by legal agreements, committed by Board policy, held in trust, or previously assigned by Board direction. Calculations are as follows:

Cash Balance at 06-30-2021	<u>33,510,816.17</u>
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Restricted by Legal Agreement

JC Closure Fund	4,900,856.62
CEPPT Restricted Fund	182,919.28
State Grants	8,296.45

Funds Held in Trust

CCRMC Trust	75,839.71
Employees FSA Trust	10,642.56

Committed by Board Policy

Designated for Capital Projects Reserve	4,959,528.33
Designated for Operations Reserve	2,870,580.00
Designated for Environmental Impairment Reserve	1,851,462.97
Expansion Fund	8,671,923.05

Assigned by Budget

Assigned to Capital Projects	4,461,668.96
Supplemental CIPs Approved by Board	735,000.00
Assigned to Crazy Horse Post-Closure	694,360.48
Assigned to Lewis Road Post-Closure	147,474.71
Assigned to Johnson Canyon Post-Closure	1,849,836.66
Assigned to Jolon Road Post-Closure	<u>118,447.12</u>

Total Available for Surplus Allocation at 06-30-2021	<u>1,971,979.27</u>
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Allocating these funds based on the Financial Policies would be as follows:

Capital Projects Reserve (60%)	1,183,187.57
Operations Reserve (20%)	394,395.85
Environmental Impairment Reserve (20%)	<u>394,395.85</u>
Total Surplus Allocation	<u>1,971,979.27</u>

Staff recommends adjusting the surplus allocation as follows:

Total Surplus Allocation	1,971,979.27
Supplemental Appropriations	<u>(400,000.00)</u>
Adjusted Surplus Allocation	<u>1,571,979.27</u>
Capital Projects Reserve (60%)	943,187.56
Operations Reserve (13%)	208,170.00
Environmental Impairment Reserve (27%)	<u>420,621.71</u>
Total Surplus Allocation	<u>1,571,979.27</u>

Operating Budget Adjustments (\$100,000)

Edible Food Recovery (**\$60,000**): SB 1383 requires establishing an edible food recovery program and additional funding is needed to assist with expanding programs and infrastructure for local food recovery organizations.

Revised Media Campaign (**\$40,000**): With the Community Based Social Marketing (CBSM) research and new media consultant's revised media & marketing plan focused on SB 1383 implementation, additional funds are being requested to assist with the distribution of the new educational materials, direct mailers, TV/Radio ads, digital ads, social media ads that are being developed as part of the updated plan.

Capital Improvement Budget Adjustments (\$300,000)

Sun Street Closure Outreach (**\$50,000**, one-time): With the Boards approval of the Lease Agreement for the relocation of Sun Street Transfer Station AB939 activities to Madison Lane Transfer Station at the Sept Board meeting, a separate and specific outreach & media campaign focused on the move will be required to fully inform customers of the transition. Funding for this item will be included in CIP 9222.

At the October Board meeting, the Board approved the purchase of crusher bucket for concrete recycling. A supplemental appropriation of **\$10,000** is requested for CIP 9105 to adequately fund this purchase and leave a small contingency in the CIP.

Replacement of the transfer fleet at Sun Street had been on hold due to the uncertainty of the continued need. In order to take over transport operations at Madison Lane transfer station, the Authority needs to replace two of its current transfer trucks and trailers. The trailers have been ordered, but the trucks have not. Lead time for these purchases is taking up to 8 months. CIP 9701 will need an additional **\$240,000** in order to fully fund the purchase of these vehicles.

Operations Reserve

The funding goal for the operations reserve is 15% of the operating budget. The Board authorized fully funding the reserve using FY 2019-20 surpluses. An allocation of **\$208,170** to the operations reserve will keep it fully funded at 15% of the operating budget. The difference will be allocated to the Environmental Impairment Reserve. Keeping the Operations Reserve fully funded provides the Authority additional flexibility if revenues do not meet projections due to ongoing or future economic downturns. Following is a summary of the operations reserve balance if approved:

Designated for Operations Reserve

Balance at 06-30-2021	2,870,580.00
FY 2020-21 Surplus Allocation	208,170.00
Ending Balance (Goal \$3.08M)	<u>3,078,750.00</u>

Environmental Impairment Reserve

The Authority entered into financial assurance agreements for Corrective Action with CalRecycle. The agreements identify specific dollar amounts for which the Authority is potentially liable. Below is a table showing the engineer's calculations of the Authority's potential liability for site remediation (corrective action).

	Capital			
<u>Landfill-Action</u>	<u>Improvements</u>	<u>Maintenance</u>	<u>Contingency</u>	<u>Total</u>
Johnson Canyon	\$ 456,736	\$ 389,727	\$ -	\$ 846,463
Crazy Horse	3,567,307	8,075,567	-	11,642,874
Jolon Road	-	1,597,082	-	1,597,082
Lewis Road	134,556	247,837	38,382	420,775
Total Corrective Actions	<u>\$ 4,158,599</u>	<u>\$ 10,310,213</u>	<u>\$ 38,382</u>	<u>\$ 14,507,194</u>

* Maintenance period covers up to 30 years

The above amounts represent the worst-case scenario if all the sites were to have a release, which is very unlikely.

Under the financial assurance agreements with CalRecycle, the Authority has covenanted that it will provide the necessary funding when required. This means that the Authority would increase rates as necessary to cover the above expenses. However, it is highly unlikely that all three sites would need corrective action at the same time. The funding goal is the Capital Improvement costs at Crazy Horse, the highest of the three sites. Allocating an additional **\$420,621.71** to this reserve brings the balance to 63.7% of the \$3.57 million capital funding goal for Corrective Action at Crazy Horse. Following is a summary of the balances if approved.

Designated for Environmental Impairment Reserve

Balance at 06-30-2021	1,851,462.97
FY 2020-21 Surplus Allocation	420,621.71
Ending Balance (Goal \$3.57M)	<u>2,272,084.68</u>

Capital Projects Reserve

The remaining **\$943,187.56** is to be allocated to the Capital Projects Reserve. This reserve is to be used for one-time capital needs. Following is a summary of the balances if approved.

Designated for Capital Projects Reserve

Balance at 06-30-2021	4,959,528.33
FY 2020-21 Surplus Allocation	<u>943,187.56</u>
Ending Balance	<u>5,902,715.89</u>

BACKGROUND

On April 17, 2014, the Board approved the updated financial policies. Section 3 (Fund Balance/Reserves) of this document designates how fund balance will be allocated.

1. Operating Reserves (20%)
2. Capital Projects Reserves (60%)
3. Environmental Impairment Reserves (20%)

Any allocation outside of the prescribed methodology or transfers between reserves must be approved by the Board.

ATTACHMENT(S)

1. Resolution
2. Exhibit A - Allocation of Cash Balances for FY 2020-21 Sheet
3. Resolution 2014-11

RESOLUTION NO. 2021 –

**A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY
APPROVING THE ALLOCATION OF CASH BALANCES FOR FISCAL YEAR 2020-21 AND
SUPPLEMENTAL APPROPRIATIONS TO THE CIP AND OPERATING BUDGETS**

WHEREAS, the Board of Directors of the Salinas Valley Solid Waste Authority approved the revised financial policies by adoption of Resolution No. 2014-11; and,

WHEREAS, the Fiscal Year 2019-20 fund balance is to be allocated as follows: Operating Reserves (20%), Capital Projects Reserves (60%), and Environmental Impairment Reserves (20%); and,

WHEREAS, on September 16, 2021, the Board approved \$550,000 in new CIPs to be funded from FY 2020-21 fund balance; and,

WHEREAS, on October 21, 2021, the Board approved \$185,000 in a new CIP to be funded from FY 2020-21 fund balance; and,

WHEREAS, using \$400,000 of the remaining fund balance to fund additional adjustment to the operating and CIP Budgets to fund additional SB 1383 activities, equipment purchases, and marketing necessary due to the closure of Sun Street Transfer Station; and,

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Salinas Valley Solid Waste Authority, that the allocation of cash balances for FY 2020-21, attached hereto and marked "Exhibit A" is hereby approved; and,

BE IT FURTHER RESOLVED, that a Supplemental Operating Appropriation of \$100,000 to fund SB 1383 Activities is hereby approved; and,

BE IT FURTHER RESOLVED, that a Supplemental Capital Improvements Budget Appropriation of \$300,000 to fund equipment purchases, and marketing necessary due to the closure of Sun Street Transfer Station; and,

BE IT FURTHER RESOLVED, that the General Manager/CAO is hereby authorized and directed by the Salinas Valley Solid Waste Authority to implement the allocation in accordance with the Authority's financial policies.

PASSED AND ADOPTED by the Board of Directors of the Salinas Valley Solid Waste Authority at a regular meeting duly held on the 18th day of November 2021, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Chris Lopez, President

ATTEST:

APPROVED AS TO FORM:

Erika J. Trujillo, Clerk of the Board

Roy C. Santos, Authority General Counsel

Exhibit A

ALLOCATION OF FISCAL YEAR 2020-21 CASH BALANCES

Operating Budget Adjustment	100,000.00
CIP 9105 Budget Adjustment	10,000.00
CIP 9222 Budget Adjustment	50,000.00
CIP 9701 Budget Adjustment	240,000.00
Capital Projects Reserve	943,187.56
Environmental Impairment Reserve	420,621.71
Operations Reserve	<u>208,170.00</u>
Total Surplus Allocation	<u><u>1,971,979.27</u></u>

RESOLUTION NO. 2014 - 11

**A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY
ADOPTING THE REVISED FINANCIAL POLICIES**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SALINAS VALLEY SOLID WASTE AUTHORITY, that the Financial Policies attached hereto as Exhibit "A" are hereby adopted.

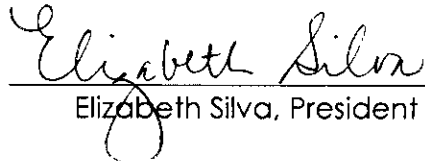
PASSED AND ADOPTED by the Board of Directors of the Salinas Valley Solid Waste Authority at the regular meeting duly held on the 17th day of April 2014 by the following vote:

AYES: BOARD MEMBERS: ARMENTA, BARRERA, CULLEN, DE LA ROSA, LUTES,
PEREZ, RODRIGUEZ, SALINAS, SILVA


NOES: BOARD MEMBERS: NONE

ABSENT: BOARD MEMBERS: MORENO

ABSTAIN: BOARD MEMBERS: NONE


Elizabeth Silva, President

ATTEST:


Elia Zavala, Clerk of the Board

Salinas Valley Solid Waste Authority

Financial Policies

Exhibit A

SUMMARY

The SVSWA Board of Directors recognizes their fiduciary responsibility by virtue of their appointment to the Board. In an effort to promote transparency in the fiscal affairs of the Authority and to promote fiscal accountability, it hereby adopts the following financial policies to guide the Authority's finances:

1. Revenues: The Authority will maintain a revenue system that will assure a reliable, equitable, predictable revenue stream to support Authority services.
2. Expenditures: The Authority shall assure fiscal stability and the effective and efficient delivery of services, through the identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.
3. Fund Balance/Reserves: The Authority shall maintain a fund balance at a level sufficient to protect the Authority's creditworthiness as well as its financial position from unforeseeable occurrences or emergencies.
4. Capital Expenditures and Improvements: The Authority shall annually review the state of its capital assets, setting priorities for its replacement and renovation based on needs, funding, alternatives and availability of resources.
5. Debt: The Authority shall utilize debt financing only to provide needed capital equipment and improvements while minimizing the impact of debt payments on current revenues.
6. Investments: The Authority's cash will be invested in such a manner so as to ensure the absolute safety of principal and interest, meet the liquidity needs of the Authority, and achieve the highest possible yield.
7. Grants: The Authority shall seek, apply for and effectively administer federal, state and foundation grants that address the Authority's current priorities and policy objectives.
8. Closure Funding: The Authority shall properly fund all closure and postclosure costs in accordance with California Integrated Waste Management Board (CIWMB) requirements.
9. Fiscal Monitoring: Authority staff shall prepare and present to the Board regular reports that analyze, evaluate and forecast the Authority's financial performance and economic condition.
10. Accounting, Auditing and Financial Reporting: The Authority's accounting, auditing and financial reporting shall comply with prevailing local, state, and federal regulations, as well as current professional principles and practices as promulgated by authoritative bodies.

Salinas Valley Solid Waste Authority Financial Policies

11. Internal Controls: The Authority shall establish and maintain an internal control structure designed to provide reasonable assurance that Authority assets are safeguarded and that the possibilities for material errors in the Authority's financial records are minimized.
12. Operating Budget: The Authority's operating budget will implement the policy decisions of the Board. It will provide a clear picture of the Authority's resources and their use.
13. Capital Assets: The Authority will capitalize all capital assets in accordance with Generally Accepted Accounting Principles so as to maintain proper control of all capital assets.

Salinas Valley Solid Waste Authority

Financial Policies

1 - REVENUES

The Authority will maintain a revenue system that will assure a reliable, equitable, predictable revenue stream to support Authority services.

A. User Fees

The Authority shall establish and collect fees to recover the costs of handling specific items that benefit only specific users. The Authority Board shall determine the appropriate cost recovery level and establish the fees. Where feasible and desirable, the Authority shall seek to recover full direct and indirect costs. User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary.

B. Tipping Fees

Tipping fees shall be set at levels sufficient to cover operating expenditures, meet debt obligations, provide additional funding for capital improvements, and provide adequate levels of working capital. Tipping Fees are not expected to cover depreciation/depletion.

C. One Time Revenues

One-time revenues shall be used only for one-time expenditures.

D. Revenue Estimates

The Authority shall use a conservative, objective, and analytical approach when preparing revenue estimates. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends in revenues. This approach should reduce the likelihood of actual revenues falling short of budget estimates during the year and thus avoid mid-year service reductions.

E. Revenue Collection and Administration

The Authority shall pursue to the full extent allowed by state law all delinquent ratepayers and others overdue in payments to the Authority. Since a revenue should exceed the cost of producing it, the Authority shall strive to control and reduce administrative collection costs.

Salinas Valley Solid Waste Authority

Financial Policies

2 - EXPENDITURES

The Authority shall assure fiscal stability and the effective and efficient delivery of services, through the identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.

A. Current Funding Basis

The Authority shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues.

B. Avoidance of Operating Deficits

The Authority shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue estimates are such that an operating deficit (i.e., projected expenditures in excess of projected revenues) is projected at year-end. Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or use of fund balance within the Fund Balance/Reserves Policy. Expenditure deferrals into the following fiscal year, short-term loans, or use of one-time revenue sources shall be avoided to balance the budget.

C. Maintenance of Capital Assets

Within the resources available each fiscal year, the Authority shall maintain capital assets and infrastructure at a sufficient level to protect the Authority's investment, to minimize future replacement and maintenance costs, and to continue current service levels.

D. Periodic Program Reviews

The General Manager shall undertake periodic staff and third-party reviews of Authority programs for both efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternative approaches to service delivery. Programs which are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

E. Purchasing

The Authority shall make every effort to maximize any discounts offered by creditors/vendors. Staff shall use competitive bidding whenever possible to attain the best possible price on goods and services.

Salinas Valley Solid Waste Authority

Financial Policies

3 - FUND BALANCE/RESERVES

The Authority shall maintain a fund balance at a level sufficient to protect the Authority's creditworthiness as well as its financial position from unforeseeable emergencies.

A. Operating Reserve

The Authority shall strive to maintain an Operating Reserve equal to fifteen percent (15%) of the current year operating expenditures, to provide sufficient reserves for unforeseen occurrences and revenue shortfalls. Operating expenditures for reserve purposes is defined as the total budget less capital project expenditures.

B. Funding the Reserves

After completion of the annual audit, any undesignated fund balance will be allocated to reserves using the following methodology:

1. Operating Reserve (20%)
2. Capital Projects Reserve (60%)
3. Environmental Impairment Reserve (20%)

Any allocation outside of the prescribed methodology or transfers between reserves must be approved by the Board.

C. Capital Projects Reserve

Due to the capital intensive nature of the Authority's landfill operations the Authority will develop a Capital Projects Reserve for the purpose of funding future capital projects and replacement of existing capital infrastructure in accordance with the Capital Improvements Financial Policies. The target amount of the reserve will be based on the capital needs of the Authority.

E. Use of Operating Reserve

The Operating Reserve shall be used only for its designated purpose - emergencies, non-recurring expenditures, or major capital purchases that can not be accommodated through current year savings. Should such use reduce the balance below the appropriate level set as the objective, restoration recommendations will accompany the decision to utilize said reserve.

F. Environmental Impairment Reserve

Salinas Valley Solid Waste Authority

Financial Policies

Due to the potential release of contaminants that exists with all Municipal Solid Waste landfills, the Authority will strive to fund an Environmental Impairment Reserve for the purpose of responding to a release in a timely manner. The funds can also be used for mitigation or corrective action measures required by CalRecycle.

G. Annual Review of Reserves

As part of the annual budget process, the Authority will review the target amount and the status of each of the reserves. This will be taken into account as part of the budget development. The goal is to reach the Operating and Environmental Impairment Reserve amounts within a five year period but in no case later than 10 years.

Salinas Valley Solid Waste Authority

Financial Policies

4 - CAPITAL EXPENDITURES AND IMPROVEMENTS

The Authority shall annually review the state of its capital assets, setting priorities for their replacement and renovation based on needs, funding, alternatives and availability of resources.

A. Capital Improvement Plan

The Authority shall prepare a 10-Year Capital Improvement Plan (CIP) which will detail the Authority's capital needs financing requirements. The CIP will be reviewed and approved every two (2) years before discussions of the operating budget take place. It will include budget financing for the first two years. The CAO will develop guidelines for what projects to include in the CIP. All projects, ongoing and proposed, shall be prioritized based on an analysis of current needs and resource availability. For every capital project, all operation, maintenance and replacement costs shall be fully disclosed. The CIP will be in conformance with and support the Authority's major planning documents and 3-year Strategic Plans..

B. Capital Improvement Budget

The CIP will be the basis for which projects will be included in the following year's budget. Appropriations will be approved annually using the following criteria:

1. Linkage with needs identified in the Authority's planning documents.
2. Cost/benefit analysis identifying all economic or financial impacts of the project.
3. Identification of available funding resources.

CIP funding will be based on the following priorities:

1. Projects that comply with regulatory requirements.
2. Projects that maintain health and safety standards.
3. Projects that maintain and preserve existing facilities.
4. Projects that replace existing facilities that can no longer be maintained.
5. Projects that improve operations.

C. Capital Expenditure Financing

Projects will be financed using the following preferred order:

1. Use current revenues;
2. Use the Capital Projects Reserve;
3. Borrow money through debt issuance.

Debt financing includes revenue bonds, certificates of obligation, lease/purchase agreements, and other obligations permitted to be issued or incurred under California law. Guidelines for assuming debt are set forth in the Debt Policy Statements.

D. Capital Projects Reserve Fund

Salinas Valley Solid Waste Authority

Financial Policies

A Capital Projects Reserve Fund shall be established and maintained to accumulate funds transferred from the undesignated fund balance. This fund shall only be used to pay for non-routine and one-time capital expenditures such as land and building purchases or construction and maintenance projects with a 10-year life. Expenditures from this Fund shall be aimed at protecting the health and safety of residents, employees and the environment, and protecting the existing assets of the Authority.

E. Capital Projects Management

The Authority will fund and manage its capital projects in a phased approach. The project phases will become a framework for appropriate decision points and reporting. The phasing will consist of:

1. Conceptual/schematic proposal
2. Preliminary design and cost estimate
3. Engineering and final design
4. Bid administration
5. Acquisition/construction
6. Project closeout

Each project will have a project manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, periodically report project status and track project expenditures.

Salinas Valley Solid Waste Authority

Financial Policies

5 - DEBT

The Authority shall utilize debt financing only to provide needed capital equipment and improvements while minimizing the impact of debt payments on current revenues.

A. Use of Debt Financing

The issuance of long-term debt will be only for the acquisition of land, capital improvements or equipment.

Debt financing is not considered appropriate for current operations, maintenance expenses, or for any recurring purposes.

B. Conditions for Debt Issuance

The Authority may use long-term debt to finance major equipment acquisition or capital project only if it is established through a cost/benefit analysis that the financial and community benefits of the financing exceed the financing costs. Benefits would include, but not be limited to, the following:

1. Present value benefit: The current cost plus the financing cost is less than the future cost of the project.
2. Maintenance value benefit: The financing cost is less than the maintenance cost of deferring the project.
3. Equity benefit: Financing provides a method of spreading the cost of a facility back to the users of the facility over time.
4. Community benefit: Debt financing of the project enables the Authority to meet an immediate community need.

Debt financing will be used only when project revenues or other identified revenue sources are sufficient to service the debt.

C. Debt Structure

The Authority's preference is to issue fixed-rate, long-term debt with level debt service, but variable rate debt or other debt service structure may be considered if an economic advantage is identified for a particular project.

Bond proceeds, for debt service, will be held by an independent bank acting as trustee or paying agent.

Salinas Valley Solid Waste Authority

Financial Policies

The Authority's minimum bond rating objective for all debt issues is a Moody's and Standard & Poor's rating of A (upper medium grade). Credit enhancements will be used to achieve higher ratings when there is an economic benefit.

The Authority may retain the following contract advisors for the issuance of debt:

1. Financial Advisor - To be selected, when appropriate, by negotiation to provide financial analysis and advice related to the feasibility and structure of the proposed debt.
2. Bond Counsel - To be selected by negotiation for each debt issue.
3. Underwriters - To be selected by negotiation or competitive bid for each bond issue based upon the proposed structure for each issue.

D. Call Provisions

Call provisions for bond issues shall be made as short as possible consistent with the lowest interest cost to the Authority. When possible, all bonds shall be callable only at par.

E. Debt Refunding

Authority staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a general rule, the present value savings of a particular refunding should exceed 3.5% of the refunded maturities.

F. Interest Earnings

Interest earnings received on the investment of bond proceeds shall be used to assist in paying the interest due on bond issues, to the extent permitted by law.

G. Lease/Purchase Agreements

Over the lifetime of a lease, the total cost to the Authority will generally be higher than purchasing the asset outright. As a result, the use of lease/purchase agreements and certificates of participation in the acquisition of vehicles, equipment and other capital assets shall generally be avoided, particularly if smaller quantities of the capital asset(s) can be purchased on a "pay-as-you-go" basis.

Salinas Valley Solid Waste Authority

Financial Policies

6 - INVESTMENTS

The Authority's cash will be invested in such a manner so as to insure the absolute safety of principal and interest, meet the liquidity needs of the Authority, and achieve the highest possible yield after meeting the first two requirements.

A. Investment Policy

The Authority Treasurer is both authorized and required to promulgate a written Statement of Investment Policy which shall be presented to the Board annually.

B. Interest Earnings

Interest earned from investments shall be distributed to the operating funds from which the money was provided, with the exception that interest earnings received on the investment of bond proceeds shall be attributed and allocated to those debt service funds responsible for paying the principal and interest due on the particular bond issue.

Salinas Valley Solid Waste Authority

Financial Policies

7 - GRANTS

The Authority shall seek, apply for and effectively administer federal, state and foundation grants-in-aid that address the Authority's current priorities and policy objectives.

A. Grant Guidelines

The Authority shall apply, and facilitate the application by others, for only those grants that are consistent with the objectives and high priority needs previously identified by the Board. The potential for incurring ongoing costs, to include the assumption of support for grant-funded positions from local revenues, will be considered prior to applying for a grant.

B. Indirect Costs

The Authority shall recover full indirect costs unless the funding agency does not permit it. The Authority may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant.

C. Grant Review

All grant submittals shall be reviewed for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet the Authority's policy objectives. Departments shall seek Board approval prior to submission of a grant application. Should time constraints under the grant program make this impossible, the department shall obtain approval to submit an application from the CAO and then, at the earliest feasible time, seek formal Board approval. If there are cash match requirements, the source of funding shall be identified prior to application. An annual report on the status of grant programs and their effectiveness shall also be prepared.

D. Grant Program Termination

The Authority shall terminate grant-funded programs and associated positions when grant funds are no longer available unless alternate funding is identified.

Salinas Valley Solid Waste Authority

Financial Policies

8 - CLOSURE FUNDING

The Authority shall properly fund all closure and postclosure costs in accordance with CIWMB requirements.

A. Closure Funding

In accordance with CIWMB requirements, the Authority shall annually set aside sufficient funds to fully fund all accrued closure costs liability. These funds will be held in a separate Closure Fund restricted specifically for this purpose.

B. Postclosure Funding

In accordance with the Financial Assurances, the Authority shall fund postclosure costs from future revenues when those costs are incurred. The Authority will not pre-fund postclosure costs in its operating budget. The Authority has entered into Pledge of Revenue with the CIWMB for this purpose.

C. Closure Funding Calculations

The Authority shall, as part of the budget process, annually recalculate the closure costs on a per ton basis. Funds will be transferred on a monthly basis to the Closure funds based on tonnage land-filled. Post closure expense incurred as a result of current fiscal year solid waste disposal will be recorded as an expense on the Authority's financial statements with a corresponding liability.

Salinas Valley Solid Waste Authority

Financial Policies

9 - FISCAL MONITORING

Authority staff shall prepare and present to the Board regular reports that analyze, evaluate and forecast the Authority's financial performance and economic condition.

A. Financial Status and Performance Reports

Monthly reports comparing expenditures and revenues to current budget, noting the status of fund balances, and outlining any remedial actions necessary to maintain the Authority's financial position shall be prepared for review by the Board.

B. Five-year Forecast of Revenues and Expenditures

A five-year forecast of revenues and expenditures, to include a discussion of major trends affecting the Authority's financial position, shall be prepared in anticipation of the annual budget process. The forecast shall also examine critical issues facing the Authority, economic conditions, and the outlook for the upcoming budget year. The document shall provide insight into the Authority's financial position and alert the Board to potential problem areas requiring attention.

C. Semi-Annual Status Report on Capital Projects

A summary report on the contracts awarded, capital projects completed and the status of the Authority's various capital projects will be prepared at least semi-annually and presented to the Board.

D. Compliance with Board Policy Statements

The Financial Policies will be reviewed annually by the Board and updated, revised or refined as deemed necessary. Policy statements adopted by the Board are guidelines, and occasionally, exceptions may be appropriate and required. However, exceptions to stated policies will be specifically identified, and the need for the exception will be documented and fully explained.

Salinas Valley Solid Waste Authority

Financial Policies

10 - ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

The Authority's accounting, auditing and financial reporting shall comply with prevailing local, state, and federal regulations, as well as current professional principles and practices as promulgated by authoritative bodies.

A. Conformance to Accounting Principles

The Authority's accounting practices and financial reporting shall conform to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

B. Popular Reporting

In addition to issuing a comprehensive annual financial report (CAFR) in conformity with GAAP, the Authority shall supplement its CAFR with a simpler, "popular" report designed to assist those residents who need or desire a less detailed overview of the Authority's financial activities. This report should be issued no later than six months after the close of the fiscal year.

Salinas Valley Solid Waste Authority

Financial Policies

11 - INTERNAL CONTROLS

The Authority shall establish and maintain an internal control structure designed to provide reasonable assurance that Authority assets are safeguarded and that the possibilities for material errors in the Authority's financial records are minimized.

A. Proper Authorizations

Procedures shall be designed, implemented and maintained to ensure that financial transactions and activities are properly reviewed and authorized.

B. Separation of Duties

Job duties will be adequately separated to reduce, to an acceptable level, the opportunities for any person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of assigned duties.

C. Proper Recording

Procedures shall be developed and maintained that will ensure financial transactions and events are properly recorded and that all financial reports may be relied upon as accurate, complete and up-to-date.

D. Access to Assets and Records

Procedures shall be designed and maintained to ensure that adequate safeguards exist over the access to and use of financial assets and records.

E. Independent Checks

Independent checks and audits will be made on staff performance to ensure compliance with established procedures and proper valuation of recorded amounts.

F. Costs and Benefits

Internal control systems and procedures must have an apparent benefit in terms of reducing and/or preventing losses. The cost of implementing and maintaining any control system should be evaluated against the expected benefits to be derived from that system.

Salinas Valley Solid Waste Authority

Financial Policies

12 - OPERATING BUDGET

The Authority's operating budget will implement the policy decisions of the Board. It will provide a clear picture of the Authority's resources and their use.

A. Budget Format

The budget shall provide a complete financial plan of all Authority funds and activities for the ensuing fiscal year and shall be in such form as the Chief Administrative Officer deems desirable or that the Board may require.

The budget shall begin with a clear general summary of its contents. It shall show in detail all estimated revenues, all carry-over fund balances and reserves, and all proposed expenditures, including debt service, for the ensuing fiscal year.

The total of proposed expenditures shall not exceed the total of estimated revenues plus the un-appropriated fund balance, exclusive of reserves, for any fund.

The budget will be organized on a program/service level format.

The budget development process will include the identification and evaluation of policy options for increasing and decreasing service levels.

B. Estimated Revenues

The Authority will annually update its revenue forecast to enhance the budgetary decision-making process.

In its budget projections, the Authority will attempt to match current expense to current revenue. If it becomes apparent that revenue shortfalls will create a deficit, efforts will be made first to reduce the deficiency through budgetary reductions.

If appropriate reductions are insufficient, the Board may decide, on an exception basis, to use an appropriate existing reserve, which is in excess of minimum reserve requirements.

C. Appropriations

In evaluating the level of appropriations for program enhancements, or reductions, the Authority will apply the following principles in the priority order given:

1. Essential services, which provide for the health and safety of residents will be funded to maintain current dollar levels.
2. The budget will provide for adequate ongoing maintenance of facilities and equipment.
3. Appropriations for program enhancements or reductions will be evaluated on a case-by-case basis rather than across the board.

Salinas Valley Solid Waste Authority

Financial Policies

4. When reductions in personnel are necessary to reduce expenditures, they shall be consistent with the Authority Board's established service level priorities and, when possible, shall be accomplished through normal attrition.
5. Programs, which are self-supported by special revenues or fees, shall be separately evaluated.

Prior to the Authority Board making any supplemental appropriation, the CAO or Finance Manager shall certify that funds in excess of those estimated in the budget are available for appropriation. Any such supplemental appropriations shall be made for the fiscal year by Board action up to the amount of any excess.

Appropriations may be reduced any time during the fiscal year by the Authority Board upon recommendation of the CAO. When appropriation reductions are recommended, the CAO shall provide specific recommendations to the Board, indicating the estimated amount of the reduction, any remedial actions taken, and recommendations as to any other steps to be taken.

The CAO may transfer appropriations between divisions, and division managers may transfer appropriations between programs and accounts within their individual divisions, but only the Board by resolution may appropriate funds from reserves or fund balances.

All appropriations, except for Capital Improvement Program and Grant Programs appropriations, shall lapse at the end of the fiscal year to the extent that they have not been expended or encumbered. An appropriation in the Capital Improvement Program shall continue in force until expended, revised, or cancelled.

The Authority will endeavor to budget an appropriated contingency account in all Divisions operating budget equal to one percent of the total Operating Budget to meet changing operational requirements during the fiscal year.

Salinas Valley Solid Waste Authority

Financial Policies

13 - CAPITAL ASSETS

The Authority will capitalize all capital assets in accordance with Generally Accepted Accounting Principles so as to maintain proper control of all capital assets.

A. Overview – The Finance Division will maintain a capital asset management system that will meet external financial reporting requirements and the needs of the Authority in line with these policies.

1. Capital assets are recorded as expenditures in governmental funds at the time the assets are received and the liability is incurred. These assets will be capitalized at cost on the government wide financial statements. Enterprise fixed assets are recorded as assets within the fund when purchased and a liability is incurred.
- i. GASB 34 defines Capital Assets as land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
- ii. GASB 34 defines Infrastructure Assets as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems. Buildings that are an ancillary part of a network of infrastructure assets are included.

The Authority uses the most current edition of GOVERNMENTAL ACCOUNTING, AUDITING, AND FINANCIAL REPORTING (GAAFR) published by the Government Finance Officers Association (GFOA) as its authoritative guide in setting policy and establishing accounting procedures regarding capital assets.

B. Capitalization – Generally all capital assets with an original cost of \$25,000 or more will be capitalized (recorded as an asset on the balance sheet versus expensing the item). Infrastructure Assets with an original cost of \$150,000 or more will be capitalized. This capitalization policy addresses financial reporting, not control. The Authority follows the GFOA recommended practices for establishing capitalization thresholds. Specific capitalization requirements are described as follows:

1. The asset must cost \$25,000 or more.
2. The asset must have a useful life of two (2) or more years.
3. The capitalization threshold is applied to individual units of capital assets rather than groups. For example, ten items purchased for \$10,000 each will not be capitalized even though the total (\$100,000) exceeds the threshold of \$25,000.
4. For purposes of capitalization, the threshold will generally not be applied to components of capital assets. For example a keyboard, monitor and central processing unit purchased as components of a computer system will not be evaluated individually against the capitalization threshold. The entire computer system will be treated as a single asset. The capitalization threshold will be applied to a network if all component parts are required to make the asset

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functional.

5. Repairs to existing capital assets will generally not be subject to capitalization unless the repair extends the useful life of the asset. In this case the repair represents an improvement and is subject to the requirements described number 6 below.
6. Improvements to existing capital assets will be presumed by definition to extend the useful life of the related capital asset and therefore will be subject to capitalization if the cost exceeds \$5,000.
7. Capital projects will be capitalized as "construction in progress" until completed. Personal computers will not be capitalized:

C. Leased Assets-

Operating leased assets are usually short term and cancelable at anytime. The recording of an operating lease as a fixed asset is not required because the item is not purchased.

Capital leases will be capitalized if one or more of the following criteria are met and the chance of cancellation is low:

- a. Ownership is transferred by the end of the lease term
- b. The lease contains a bargain purchase option
- c. The lease term is greater than or equal to 75 percent of the asset's service life
- d. The present value of the minimum lease payment is greater than or equal to ninety percent (90%) of the fair market value of the asset at the inception of the lease.

Capital lease items are capitalized at the beginning of the lease period, regardless of when the title transfers. Capital leases are recorded at net present value of lease payments.

- D. Capital Asset Recording - It is the responsibility of the Finance Division to record, monitor and inventory all fixed assets. Each division will assign appropriate staff members to respond to verification, inventories, and filling out the necessary forms for recording transfers, dispositions or retired fixed assets.
- E. Acquisition of Capital Assets - Fixed assets may be acquired through direct purchase, lease-purchase or capital lease, construction, eminent domain, donations, and gifts.

When a capital asset is acquired the funding source will be identified.

If funds are provided by a specific funding source, a record will be made of that specific source such as:

- ❖ Bond Proceeds
- ❖ State Grants

- F. Measuring the Cost and/or Value - Capital assets are recorded at their "historical cost", which is the original cost of the assets. Donations accepted by the Authority will be valued at the fair market value at the time of donation. Costs include purchase price (less discounts) and any other reasonable and necessary costs incurred to place the asset in its intended location and prepare it for service. Costs could include the following:

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Sales Tax
Freight charges
Legal and title fees
Closing costs
Appraisal and negotiation fees
Surveying fees
Land-preparation costs
Demolition costs
Relocation costs
Architect and accounting fees
Insurance premiums and interest costs during construction

- G. Establishing Cost in the Absence of Historical Records - According to the GASB 34, an estimate of the original cost is allowable. Standard costing is one method of estimating historical cost using a known average installed cost for a like unit at the estimated date of acquisition. Another recognized method is normal costing wherein an estimate of historical cost is based on current cost of reproduction new indexed by a reciprocal factor of the price increase of a specific item or classification from the appraisal date to the estimated date acquired. When necessary the Authority will use whichever method gives the most reasonable amount based on available information.
- H. Recording Costs Incurred After Acquisition - Expenditures/expenses for replacing a component part of an asset are not capitalized. However, expenditures/expenses that either enhance a capital asset's functionality (effectiveness or efficiency), or that extend a capital asset's expected useful life are capitalized. For example, periodically slurry sealing a street would be treated as a repair (the cost would not be capitalized), while an overlay or reconstruction would be capitalized. Adding a new lane constitutes an addition and would therefore also be capitalized.
- I. Disposition or Retirement of Fixed Assets - It is the Authority's policy that divisions wishing to dispose of surplus, damaged or inoperative equipment must notify the Finance Division.
- The Authority will conduct public auctions, as necessary, for the purpose of disposing of surplus property. Auctions will be conducted by the Finance Division. The original cost less depreciation will then be removed from the Authority's capital asset management system.
- J. Transfer of Assets - The transfer of fixed assets between divisions requires notification to the Finance Department.
- K. Depreciation - In accordance with GASB Statement No. 34 the Authority will record depreciation expense on all capital assets, except for inexhaustible assets.
- The Authority will use straight-line depreciation using the half-year convention or mid month as appropriate. Depreciation will be calculated for half a year in the year of acquisition and the year of disposition. Depreciation will be calculated over the estimated useful life of the asset.
- L. Recommended Lives - The Authority follows GFOA Recommended Practices when establishing recommended lives for capitalized assets. In accordance with GASB 34 the Authority will rely on "general guidelines obtained from professional or industry organizations." In particular the Authority will rely on estimated useful lives published by GFOA. If the life of a particular asset is estimated to be different than these guidelines, it

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may be changed. The following is a summary for the estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	20 to 50 years
Improvements	15 to 45 years
Infrastructure	20 to 50 years
Equipment and Machinery	5 to 20 years

- M. Control of Assets – In accordance with GFOA Recommended Practice the Authority will exercise control over the non-capitalized tangible capital-type items by establishing and maintaining adequate control procedures at the division level. The Authority's capitalization threshold of \$5,000 meets financial reporting needs and is not designed for nor particularly suited to maintain control over lower cost capital assets. It is the responsibility of each division to maintain inventories of lower-cost capital assets to ensure adequate control and safekeeping of these assets.
- N. Maintenance Schedules - The Authority shall develop and implement maintenance and replacement schedules with a goal of maximizing the useful life of all assets. The schedules shall include estimates of annual maintenance and/or replacement funding required for each asset.
- O. Maintenance Funding - The Authority shall identify specific sources of funds for the annual maintenance or replacement of each asset. Whenever possible, the maintenance or replacement funding shall be identified from a source other than the Authority General Fund. The Authority shall endeavor to set aside, on an annual basis, one and one-half percent (1½%) of its Operating Budget to provide for on-going maintenance and required replacement of assets that cannot be reasonably funded from other sources.
- Q. Inventorying – The Authority will follow the GFOA recommended practice of performing a physical inventory of its capitalized capital assets, either simultaneously or on a rotating basis, so that all capital assets are physically accounted for at least once every five years.
- R. Tagging – The Authority will tag only moveable equipment with a value of \$5,000 or higher. Rolling stock items will not be tagged. They will be identified by the VIN number. The Finance department will be responsible for tagging equipment.



Report to the Executive Committee

ITEM NO. 4

Finance and Administration Manager,
Controller/Treasurer

General Manager/CAO

R. Santos by E.T.

Authority General Counsel

Date: November 4, 2021

From: C. Ray Hendricks, Finance and Administration Manager

Title: A Resolution Adopting the Revised Financial Policies

RECOMMENDATION

Staff requests that the Executive Committee recommends adoption of the resolution.

STRATEGIC PLAN RELATIONSHIP

This agenda item is not related to any particular strategic plan goal. It is part of the Authority's overall sustainability plan.

FISCAL IMPACT

This item has no immediate fiscal impact, but it provides the policies used to manage Authority funds.

DISCUSSION & ANALYSIS

The majority of the changes contained in the Financial Policies are clerical in nature or needed to ensure the policy mirrors actual practice. For example, California Integrated Waste Management Board (CIWMB) has changed its name to Department of Resources Recycling and Recovery (CalRecycle).

However, group H (shown below) needs to be added to the Debt section in order to ensure compliance with Gov. Code 8855(i), which was adopted in 2017. The additions state how Bond proceeds are held, used, and tracked.

H. Post Issuance Administration / Internal Control

Investment of Proceeds

The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made to obtain the highest level of 1) safety, 2) liquidity, and 3) yield, and may be held as cash. The Authority's investment guidelines and bond indentures will govern objectives and criteria for investment of bond proceeds. The Finance and Administration Manager will oversee the investment of bond proceeds in a manner to avoid, if possible, and minimize any potential negative arbitrage over the life of the bond issuance, while complying with arbitrage and tax provisions.

Use of Proceeds

Bond proceeds will be deposited and recorded in separate accounts to ensure that funds are not comingled with other Authority funds. To ensure proceeds from bond sales are used in accordance with legal requirements, all invoices will be submitted to the Finance and Administration Manager for approval prior to payment. The Finance and Administration Manager will be tasked with monitoring the expenditure of bond proceeds to ensure that they are used only for the purpose and authority for which the bonds were issued and exercising best efforts to spend bond proceeds in such a manner that the Authority will meet one of the spend-down exemptions from arbitrage rebate. Tax-exempt bonds will not be issued unless it can be demonstrated that 85% of the proceeds can reasonably be expected to be expended within the three-year temporary period.

Arbitrage Compliance

The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Finance and Administration Manager shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation; and, if a rebate payment is due, such payment is made in a timely manner.

BACKGROUND

The current financial policies were approved on April 17, 2014. They have remained unchanged since then. A recent review of the policies found that additional language is necessary to comply with Gov. Code 8855(i), which was adopted in 2017.

ATTACHMENT(S)

1. Red-lined changes to Financial Policies
2. Resolution
3. Financial Policies (revised November 18, 2021)

RESOLUTION NO. 2021 –

A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY ADOPTING THE REVISED FINANCIAL POLICIES

WHEREAS, the Board of Directors of the Salinas Valley Solid Waste Authority last approved the financial policies by adoption of Resolution No. 2014-11 on April 17, 2014; and,

WHEREAS, a recent review of the policies found that additional language is necessary to comply with Gov. Code 8855(i), which was adopted in 2017; and,

WHEREAS, the Authority strives to promote transparency in its fiscal affairs and fiscal accountability; and,

WHEREAS, the majority of the changes are clerical in nature or needed to ensure the policy mirrors actual practices; and,

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Salinas Valley Solid Waste Authority, that the Financial Policies attached hereto as Exhibit "A" are hereby approved and adopted.

PASSED AND ADOPTED by the Board of Directors of the Salinas Valley Solid Waste Authority at a regular meeting duly held on the 18th day of November 2021, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Christopher M. Lopez, President

ATTEST:

APPROVED AS TO FORM:

Erika J. Trujillo, Clerk of the Board

Roy C. Santos, Authority General Counsel

Salinas Valley Solid Waste Authority
Financial Policies

SUMMARY

~~The SVSWA~~The Salinas Valley Solid Waste Authority (Authority) Board of Directors recognizes their fiduciary responsibility by virtue of their appointment to the Board. In an effort to promote transparency in the fiscal affairs of the Authority and to promote fiscal accountability, it hereby adopts the following financial policies to guide the Authority's finances:

1. Revenues: The Authority will maintain a revenue system that will assure a reliable, equitable, predictable revenue stream to support Authority services.
2. Expenditures: The Authority shall assure fiscal stability and the effective and efficient delivery of services, through the identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.
3. Fund Balance/Reserves: The Authority shall maintain a fund balance at a level sufficient to protect the Authority's creditworthiness as well as its financial position from unforeseeable occurrences or emergencies.
4. Capital Expenditures and Improvements: The Authority shall annually review the state of its capital assets, setting priorities for its replacement and renovation based on needs, funding, alternatives, and availability of resources.
5. Debt: The Authority shall utilize debt financing only to provide needed capital equipment and improvements while minimizing the impact of debt payments on current revenues.
6. Investments: The Authority's cash will be invested in such a manner so as to ensure the absolute safety of principal and interest, meet the liquidity needs of the Authority, and achieve the highest possible yield.
7. Grants: The Authority shall seek, apply for, and effectively administer federal, state and foundation grants that address the Authority's current priorities and policy objectives.
8. Closure Funding: The Authority shall properly fund all closure and post-closure costs in accordance with California ~~Integrated Waste Management Board~~(CIWMB) Department of Resources Recycling and Recovery (CalRecycle) requirements.
9. Fiscal Monitoring: Authority staff shall prepare and present to the Board regular reports that analyze, evaluate, and forecast the Authority's financial performance and economic condition.

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10. Accounting, Auditing and Financial Reporting: The Authority's accounting, auditing and financial reporting shall comply with prevailing local, state, and federal regulations, as well as current professional principles and practices as promulgated by authoritative bodies.
11. Internal Controls: The Authority shall establish and maintain an internal control structure designed to provide reasonable assurance that Authority assets are safeguarded and that the possibilities for material errors in the Authority's financial records are minimized.
12. Operating Budget: The Authority's operating budget will implement the policy decisions of the Board. It will provide a clear picture of the Authority's resources and their use.
13. Capital Assets: The Authority will capitalize all capital assets in accordance with Generally Accepted Accounting Principles so as to maintain proper control of all capital assets.

Salinas Valley Solid Waste Authority
Financial Policies

1 - REVENUES

The Authority will maintain a revenue system that will assure a reliable, equitable, predictable revenue stream to support Authority services.

A. User Fees

The Authority shall establish and collect fees to recover the costs of handling specific items that benefit only specific users. The Authority Board shall determine the appropriate cost recovery level and establish the fees. Where feasible and desirable, the Authority shall seek to recover full direct and indirect costs. User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, ~~to~~ compare them to the current fee structure, and to recommend adjustments where necessary.

B. Tipping Fees

Tipping fees shall be set at levels sufficient to cover operating expenditures, meet debt obligations, provide additional funding for capital improvements, and provide adequate levels of working capital. Tipping Fees are not expected to cover depreciation/depletion.

C. One Time Revenues

One-time revenues shall be used only for one-time expenditures.

D. Revenue Estimates

The Authority shall use a conservative, objective, and analytical approach when preparing revenue estimates. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends in revenues. This approach should reduce the likelihood of actual revenues falling short of budget estimates during the year and thus avoid mid-year service reductions.

E. Revenue Collection and Administration

The Authority shall pursue to the full extent allowed by state law all delinquent ratepayers and others overdue in payments to the Authority. Since a revenue should not exceed the cost of producing it, the Authority shall strive to control and reduce administrative collection costs.

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Financial Policies

2 - EXPENDITURES

The Authority shall assure fiscal stability and the effective and efficient delivery of services, through the identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.

A. Current Funding Basis

The Authority shall operate on a current funding basis. Expenditures shall be budgeted and controlled ~~so as to~~ not ~~to~~ exceed current revenues.

B. Avoidance of Operating Deficits

The Authority shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue estimates are such that an operating deficit (i.e., projected expenditures in excess of projected revenues) is projected at year-end. Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or use of fund balance within the Fund Balance/Reserves Policy. Expenditure deferrals into the following fiscal year, short-term loans, or use of one-time revenue sources shall be avoided to balance the budget.

C. Maintenance of Capital Assets

Within the resources available each fiscal year, the Authority shall maintain capital assets and infrastructure at a sufficient level to protect the Authority's investment, to minimize future replacement and maintenance costs, and to continue current service levels.

D. Periodic Program Reviews

The General Manager shall undertake periodic staff and third-party reviews of Authority programs for both efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternative approaches to service delivery. Programs which are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

E. Purchasing

The Authority shall make every effort to maximize any discounts offered by creditors/vendors. Staff shall use competitive bidding whenever possible to attain the best possible price on goods and services.

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3 - FUND BALANCE/RESERVES

The Authority shall maintain a fund balance at a level sufficient to protect the Authority's creditworthiness as well as its financial position from unforeseeable emergencies.

A. ~~Operating Reserve~~

~~The Authority shall strive to maintain an Operating Reserve equal to fifteen percent (15%) of the current year operating expenditures, to provide sufficient reserves for unforeseen occurrences and revenue shortfalls. Operating expenditures for reserve purposes is defined as the total budget less capital project expenditures.~~

B.A. ~~B.~~ Funding the Reserves

After completion of the annual audit, any undesignated ~~fund~~cash balance will be allocated to reserves using the following methodology:

1. Operating Reserve (20%)
2. Capital Projects Reserve (60%)
3. Environmental Impairment Reserve (20%)

Any allocation outside of the prescribed methodology or transfers between reserves must be approved by the Board.

B. ~~Operating Reserve~~

~~The Authority shall strive to maintain an Operating Reserve equal to fifteen percent (15%) of the current year operating expenditures to provide sufficient reserves for unforeseen occurrences and revenue shortfalls. Operating expenditures, for reserve purposes, is defined as the total budget less capital project expenditures.~~

E. ~~Use of Operating Reserve~~

~~The Operating Reserve shall be used only for its designated purpose: Emergencies, non-recurring expenditures, or major capital purchases that cannot be accommodated through current year revenues. Should such use reduce the balance below the appropriate level set as the objective, restoration recommendations will accompany the decision to utilize said reserve.~~

C. ~~Capital Projects Reserve~~

Due to the capital-intensive nature of the Authority's landfill operations the Authority will develop a Capital Projects Reserve for the purpose of funding future capital projects and replacement of existing capital infrastructure in accordance with the Capital Improvements Financial Policies. The target amount of the

Salinas Valley Solid Waste Authority
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reserve will be based on the average annual capital needs of the Authority.

~~E. Use of Operating Reserve~~

~~The Operating Reserve shall be used only for its designated purpose— emergencies, non-recurring expenditures, or major capital purchases that can not be accommodated through current year savings. Should such use reduce the balance below the appropriate level set as the objective, restoration recommendations will accompany the decision to utilize said reserve.~~

F. Environmental Impairment Reserve

Due to the potential release of contaminants that exists with all Municipal Solid Waste landfills, the Authority will strive to fund an Environmental Impairment Reserve for the purpose of responding to a release in a timely manner. The funds can also be used for mitigation or corrective action measures required by CalRecycle. It is highly unlikely that all sites would need corrective action at the same time. Therefore, the funding goal is the Capital Improvement costs at the highest of the sites.

G. Annual Review of Reserves

As part of the annual budget process, the Authority will review the target amount and the status of each of the reserves. This will be ~~taken into account~~considered as part of the budget development. The goal is to reach the Operating and Environmental Impairment Reserve amounts within a five-year period but in no case later than 10 years.

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Financial Policies

4 - CAPITAL EXPENDITURES AND IMPROVEMENTS

The Authority shall annually review the state of its capital assets, setting priorities for their replacement and renovation based on needs, funding, alternatives, and availability of resources.

A. Capital Improvement Plan

The Authority shall prepare a 10-Year Capital Improvement Plan (CIP) which will detail the Authority's capital needs ~~financing requirements.~~ The CIP plan will be reviewed ~~and approved~~ every ~~two (2) years before year while~~ discussions of the operating budget take place. ~~It will include budget financing for the first two years.~~ The CAO will develop guidelines for what projects to include in the CIP. budget. All projects, ongoing and proposed, shall be prioritized based on an analysis of current needs and resource availability. For every capital project, all operation, maintenance, and replacement costs shall be fully disclosed. The CIP budget will be in conformance with and support the Authority's major planning documents and 3-year Strategic Plans.

B. Capital Improvement Budget

The CIP plan will be the basis for which projects will be included in the following year's budget. Appropriations will be approved annually using the following criteria:

1. Linkage with needs identified in the Authority's planning documents.
2. Cost/benefit analysis identifying all economic or financial impacts of the project.
3. Identification of available funding resources.

CIP funding will be based on the following priorities:

1. Projects that comply with regulatory requirements.
2. Projects that maintain health and safety standards.
3. Projects that maintain and preserve existing facilities.
4. Projects that replace existing facilities that can no longer be maintained.
5. Projects that improve operations.

C. Capital Expenditure Financing

Projects will be financed using the following preferred order:

1. Use of current revenues.
2. Use of the Capital Projects Reserve.
3. Borrow money through debt issuance.

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Debt financing includes revenue bonds, certificates of obligation, lease/purchase agreements, and other obligations permitted to be issued or incurred under California law. Guidelines for assuming debt are set forth in the Debt Policy Statements.

D. Capital Projects Reserve Fund

A Capital Projects Reserve Fund shall be established and maintained to accumulate funds transferred from the undesignated fund balance. This fund shall only be used to pay for non-routine and one-time capital expenditures such as land and building purchases or construction and maintenance projects with a 10-year life. Expenditures from this Fund shall be aimed at protecting the health and safety of residents, employees, and the environment, and protecting the existing assets of the Authority.

E. Capital Projects Management

The Authority will fund and manage its capital projects in a phased approach. The project phases will become a framework for appropriate decision points and reporting. The phasing will consist of:

1. Conceptual/schematic proposal
2. Preliminary design and cost estimate
3. Engineering and final design
4. Bid administration
5. Acquisition/construction
6. Project closeout

Each project will have a project manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, periodically report project status and track project expenditures

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5 - DEBT

The Authority shall utilize debt financing only to provide needed capital equipment and improvements while minimizing the impact of debt payments on current revenues.

A. Use of Debt Financing

The issuance of long-term debt will be only for the acquisition of land, capital improvements, or equipment.

Debt financing is not considered appropriate for current operations, maintenance expenses, or for any recurring purposes.

B. Conditions for Debt Issuance

The Authority may use long-term debt to finance major equipment acquisition or capital ~~project~~projects only if it is established through a cost/benefit analysis that the financial and community benefits of the financing exceed the financing costs. Benefits would include, but not be limited to, the following:

1. Present value benefit: The current cost plus the financing cost is less than the future cost of the project.
2. Maintenance value benefit: The financing cost is less than the maintenance cost of deferring the project.
3. Equity benefit: Financing provides a method of spreading the cost of a facility back to the users of the facility over time.
4. Community benefit: Debt financing of the project enables the Authority to meet an immediate community need.

Debt financing will be used only when project revenues or other identified revenue sources are sufficient to service the debt.

C. Debt Structure

The Authority's preference is to issue fixed-rate, long-term debt with level debt service, but variable rate debt or other debt service structure may be considered if an economic advantage is identified for a particular project.

Bond proceeds, for debt service, will be held by an independent bank acting as trustee or paying agent.

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The Authority's minimum bond rating objective for all debt issues is a Moody's and Standard & Poor's rating of A (upper medium grade). Credit enhancements will be used to achieve higher ratings when there is an economic benefit.

The Authority may retain the following contract advisors for the issuance of debt:

1. Financial Advisor - To be selected, when appropriate, by negotiation to provide financial analysis and advice related to the feasibility and structure of the proposed debt.
2. Bond Counsel - To be selected by negotiation for each debt issue.
3. Underwriters - To be selected by negotiation or competitive bid for each bond issue based upon the proposed structure for each issue.

D. Call Provisions

Call provisions for bond issues shall be made as short as possible consistent with the lowest interest cost to the Authority. When possible, all bonds shall be callable only at par.

E. Debt Refunding

Authority staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a general rule, the present value savings of a particular refunding should exceed 3.5% of the refunded maturities.

F. Interest Earnings

Interest earnings received on the investment of bond proceeds shall be used to assist in paying the interest due on bond issues, to the extent permitted by law.

G. Lease/Purchase Agreements

Over the lifetime of a lease, the total cost to the Authority will generally be higher than purchasing the asset outright. As a result, the use of lease/purchase agreements and certificates of participation in the acquisition of vehicles, equipment and other capital assets shall generally be avoided, particularly if smaller quantities of the capital asset(s) can be purchased on a "pay-as-you-go" basis.

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H. Post Issuance Administration / Internal Control

Investment of Proceeds

The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made to obtain the highest level of 1) safety, 2) liquidity, and 3) yield, and may be held as cash. The Authority's investment guidelines and bond indentures will govern objectives and criteria for investment of bond proceeds. The Finance and Administration Manager will oversee the investment of bond proceeds in a manner to avoid, if possible, and minimize any potential negative arbitrage over the life of the bond issuance, while complying with arbitrage and tax provisions.

Use of Proceeds

Bond proceeds will be deposited and recorded in separate accounts to ensure that funds are not comingled with other Authority funds. To ensure proceeds from bond sales are used in accordance with legal requirements, all invoices will be submitted to the Finance and Administration Manager for approval prior to payment. The Finance and Administration Manager will be tasked with monitoring the expenditure of bond proceeds to ensure that they are used only for the purpose and authority for which the bonds were issued and exercising best efforts to spend bond proceeds in such a manner that the Authority will meet one of the spend-down exemptions from arbitrage rebate. Tax-exempt bonds will not be issued unless it can be demonstrated that 85% of the proceeds can reasonably be expected to be expended within the three-year temporary period.

Arbitrage Compliance

The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Finance and Administration Manager shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation; and, if a rebate payment is due, such payment is made in a timely manner.

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6 - INVESTMENTS

The Authority's cash will be invested in such a manner so as to ~~insure~~ensure the absolute safety of principal and interest, meet the liquidity needs of the Authority, and achieve the highest possible yield after meeting the first two requirements.

A. Investment Policy

The Authority Treasurer is both authorized and required to promulgate a written Statement of Investment Policy which shall be presented to the Board annually.

B. Interest Earnings

Interest earned from investments shall be distributed to the operating funds from which the money was provided, with the exception that interest earnings received on the investment of bond proceeds shall be attributed and allocated to those debt service funds responsible for paying the principal and interest due on the ~~particular~~ bond issue.

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7 - GRANTS

The Authority shall seek, apply for, and effectively administer federal, state and foundation grants-in-aid that address the Authority's current priorities and policy objectives.

A. Grant Guidelines

The Authority shall apply, and facilitate the application by others, for only those grants that are consistent with the objectives and high priority needs previously identified by the Board. The potential for incurring ongoing costs, to include the assumption of support for grant-funded positions from local revenues, will be considered prior to applying for a grant.

B. Indirect Costs

The Authority shall recover full indirect costs unless the funding agency does not permit it. The Authority may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant.

C. Grant Review

All grant submittals shall be reviewed for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet the Authority's policy objectives. Departments shall seek Board approval prior to submission of a grant application. Should time constraints under the grant program make this impossible, the department shall obtain approval to submit an application from the CAO and then, at the earliest feasible time, seek formal Board approval. If there are cash match requirements, the source of funding shall be identified prior to application. An annual report on the status of grant programs and their effectiveness shall also be prepared.

D. Grant Program Termination

The Authority shall terminate grant-funded programs and associated positions when grant funds are no longer available unless alternate funding is identified.

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8 - CLOSURE FUNDING

The Authority shall properly fund all closure and postclosure costs in accordance with CIWMB CalRecycle requirements.

A. Closure Funding

In accordance with CIWMB CalRecycle requirements, the Authority shall annually set aside sufficient funds to fully fund all accrued closure costs liability. These funds will be held in a separate Closure Fund restricted specifically for this purpose.

B. Postclosure Funding

In accordance with the Financial Assurances, the Authority shall fund postclosure costs from future revenues when those costs are incurred. ~~The Authority will not pre-fund postclosure costs in its operating budget.~~ The Authority has entered into a Pledge of Revenue agreement with ~~the CIWMB CalRecycle~~ for this purpose.

C. Closure Funding Calculations

The Authority shall, as part of the budget process, annually recalculate the closure costs on a per ton basis. Funds will be transferred ~~on a monthly basis~~ to the Closure funds based on tonnage ~~land-filled. landfilled.~~ Post closure expense incurred ~~as a result~~because of current fiscal year solid waste disposal will be recorded as an expense on the Authority's financial statements with a corresponding liability.

Salinas Valley Solid Waste Authority
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9 - FISCAL MONITORING

Authority staff shall prepare and present to the Board regular reports that analyze, evaluate, and forecast the Authority's financial performance and economic condition.

A. Financial Status and Performance Reports

Monthly reports comparing expenditures and revenues to current budget, noting the status of fund balances, and outlining any remedial actions necessary to maintain the Authority's financial position shall be prepared for review by the Board.

B. Five-year Forecast of Revenues and Expenditures

A five-year forecast of revenues and expenditures, to include a discussion of major trends affecting the Authority's financial position, shall be ~~prepared in-anticipation-of~~during the ~~annual~~ budget process. The forecast shall also examine critical issues facing the Authority, economic conditions, and the outlook for the upcoming budget year. The document shall provide insight into the Authority's financial position and alert the Board to potential problem areas requiring attention.

C. ~~C. Semi-Annual~~ Status Report on Capital Projects

A summary report on ~~the contracts awarded~~, capital projects completed and the status of the Authority's various capital projects will be prepared ~~at least semi-annually~~as part of the monthly financial reports and presented to the Board.

D. Compliance with Board Policy Statements

The Financial Policies will be reviewed annually ~~by the Board~~ and updated, revised, or refined as deemed necessary. Policy statements adopted by the Board are guidelines, and occasionally, exceptions may be appropriate and required. However, exceptions to stated policies will be specifically identified, and the need for the exception will be documented and fully explained.

Salinas Valley Solid Waste Authority
Financial Policies

10 - ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

The Authority's accounting, auditing and financial reporting shall comply with prevailing local, state, and federal regulations, as well as current professional principles and practices as promulgated by authoritative bodies.

A. Conformance to Accounting Principles

The Authority's accounting practices, and financial reporting shall conform to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

B. Popular Reporting

In addition to issuing a comprehensive annual financial report (CAFR) in conformity with GAAP, the Authority shall supplement its CAFR with a simpler, "popular" report designed to assist those residents who need or desire a less detailed overview of the Authority's financial activities. This report should be issued no later than six months after the close of the fiscal year.

Salinas Valley Solid Waste Authority
Financial Policies

11 - INTERNAL CONTROLS

The Authority shall establish and maintain an internal control structure designed to provide reasonable assurance that Authority assets are safeguarded and that the possibilities for material errors in the Authority's financial records are minimized.

A. Proper Authorizations

Procedures shall be designed, implemented, and maintained to ensure that financial transactions and activities are properly reviewed and authorized.

B. Separation of Duties

Job duties will be adequately separated to reduce, to an acceptable level, the opportunities for any person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of assigned duties.

C. Proper Recording

Procedures shall be developed and maintained that will ensure financial transactions and events are properly recorded and that all financial reports may be relied upon as accurate, complete, and up to date.

D. Access to Assets and Records

Procedures shall be designed and maintained to ensure that adequate safeguards exist over the access to and use of financial assets and records.

E. Independent Checks

Independent checks and audits will be made on staff performance to ensure compliance with established procedures and proper valuation of recorded amounts.

F. Costs and Benefits

Internal control systems and procedures must have an apparent benefit in terms of reducing and/or preventing losses. The cost of implementing and maintaining any control system should be evaluated against the expected benefits to be derived from that system.

Salinas Valley Solid Waste Authority
Financial Policies

12 - OPERATING BUDGET

The Authority's operating budget will implement the policy decisions of the Board. It will provide a clear picture of the Authority's resources and their use.

A. Budget Format

The budget shall provide a complete financial plan of all Authority funds and activities for the ensuing fiscal year and shall be in such form as the Chief Administrative Officer deems desirable or that the Board may require.

The budget shall begin with a clear general summary of its contents. It shall show in detail all estimated revenues, all carry-over fund balances and reserves, and all proposed expenditures, including debt service, for the ensuing fiscal year.

The total of proposed expenditures shall not exceed the total of estimated revenues plus the un-appropriated fund balance, exclusive of reserves, for any fund.

The budget will be organized on a program/service level format.

The budget development process will include the identification and evaluation of policy options for increasing and decreasing service levels.

B. Estimated Revenues

The Authority will annually update its revenue forecast to enhance the budgetary decision-making process.

In its budget projections, the Authority will attempt to match current expense to current revenue. If it becomes apparent that revenue shortfalls will create a deficit, efforts will be made first to reduce the deficiency through budgetary reductions.

If appropriate reductions are insufficient, the Board may decide, on an exception basis, to use an appropriate existing reserve, ~~which is in excess of minimum reserve requirements.~~

C. Appropriations

In evaluating the level of appropriations for program enhancements, or reductions, the Authority will apply the following principles in the priority order given:

1. Essential services, which provide for the health and safety of residents will be funded to maintain current dollar levels.

Salinas Valley Solid Waste Authority
Financial Policies

2. The budget will provide for adequate ongoing maintenance of facilities and equipment.
3. Appropriations for program enhancements or reductions will be evaluated on a case-by-case basis rather than across the board.
4. When reductions in personnel are necessary to reduce expenditures, they shall be consistent with the Authority Board's established service level priorities and, when possible, shall be accomplished through normal attrition.
5. Programs, which are self-supported by special revenues or fees, shall be separately evaluated.

Prior to the Authority Board making any supplemental appropriation, the CAO or Finance and Administration Manager shall certify that funds in excess of those estimated in the budget are available for appropriation. Any such supplemental appropriations shall be made for the fiscal year by Board action up to the amount of any excess.

Appropriations may be reduced at any time during the fiscal year by the Authority Board upon recommendation of the CAO. When appropriation reductions are recommended, the CAO shall provide specific recommendations to the Board, indicating the estimated amount of the reduction, any remedial actions taken, and recommendations as to any other steps to be taken.

The CAO may transfer appropriations between divisions, and division managers may transfer appropriations between programs and accounts within their individual divisions, but only the Board by resolution may appropriate funds from reserves or fund balances.

All appropriations, except for Capital Improvement Program and Grant Programs appropriations, shall lapse at the end of the fiscal year to the extent that they have not been expended or encumbered. An appropriation in the Capital Improvement Program shall continue in force until expended, revised, or cancelled.

The Authority will endeavor to budget an appropriated contingency account in all Divisions operating budget equal to one percent of the total Operating Budget to meet changing operational requirements during the fiscal year.

Salinas Valley Solid Waste Authority
Financial Policies

13 - CAPITAL ASSETS

The Authority will capitalize all capital assets in accordance with Generally Accepted Accounting Principles so as to maintain proper control of all capital assets.

- A. Overview – The Finance Division will maintain a capital asset management system that will meet external financial reporting requirements and the needs of the Authority in line with these policies.
1. Capital assets are recorded as expenditures in governmental funds at the time the assets are received, and the liability is incurred. These assets will be capitalized at cost on the government wide financial statements. Enterprise fixed assets are recorded as assets within the fund when purchased and a liability is incurred.
 - I. GASB 34 defines Capital Assets as land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
 - II. GASB 34 defines Infrastructure Assets as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Buildings that are an ancillary part of a network of infrastructure assets are included.

The Authority uses the most current edition of GOVERNMENTAL ACCOUNTING, AUDITING, AND FINANCIAL REPORTING (GAAFR) published by the Government Finance Officers Association (GFOA) as its authoritative guide in setting policy and establishing accounting procedures regarding capital assets.

B. Capitalization

Generally all capital assets with an original cost of \$25,000 or more will be capitalized (recorded as an asset on the balance sheet versus expensing the item). Infrastructure Assets with an original cost of \$150,000 or more will be capitalized. This capitalization policy addresses financial reporting, not control. The Authority follows the GFOA recommended practices for establishing capitalization thresholds. Specific capitalization requirements are described as follows:

1. The asset must cost \$25,000 or more.
2. The asset must have a useful life of two (2) or more years.

Salinas Valley Solid Waste Authority
Financial Policies

3. The capitalization threshold is applied to individual units of capital assets rather than groups. For example, ten items purchased for \$10,000 each will not be capitalized even though the total (\$100,000) exceeds the threshold of \$25,000.
4. For purposes of capitalization, the threshold will generally not be applied to components of capital assets. For example, a keyboard, monitor and central processing unit purchased as components of a computer system will not be evaluated individually against the capitalization threshold. The entire computer system will be treated as a single asset. The capitalization threshold will be applied to a network if all component parts are required to make the asset functional.
5. Repairs to existing capital assets will generally not be subject to capitalization unless the repair extends the useful life of the asset. In this case the repair represents an improvement and is subject to the requirements described number 6 below.
6. Improvements to existing capital assets will be presumed by definition to extend the useful life of the related capital asset and therefore will be subject to capitalization if the cost exceeds \$5,000.
7. Capital projects will be capitalized as "construction in progress" until completed. Personal computers will not be capitalized:

C. Leased Assets

Operating leased assets are usually short term and cancelable at any time. The recording of an operating lease as a fixed asset is not required because the item is not purchased.

Capital leases will be capitalized if one or more of the following criteria are met and the chance of cancellation is low:

- a. Ownership is transferred by the end of the lease term
- b. The lease contains a bargain purchase option
- c. The lease term is greater than or equal to 75 percent of the asset's service life
- d. The present value of the minimum lease payment is greater than or equal to ninety percent (90%) of the fair market value of the asset at the inception of the lease.

Capital lease items are capitalized at the beginning of the lease period, regardless of when the title transfers. Capital leases are recorded at net present value of lease payments.

Salinas Valley Solid Waste Authority
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D. Capital Asset Recording

It is the responsibility of the Finance Division to record, monitor and inventory all fixed assets. Each division will assign appropriate staff members to respond to verification, inventories, and filling out the necessary forms for recording transfers, dispositions or retired fixed assets.

E. Acquisition of Capital Asset

Fixed assets may be acquired through direct purchase, lease-purchase or capital lease, construction, eminent domain, donations, and gifts. When a capital asset is acquired, the funding source will be identified. If funds are provided by a specific funding source, a record will be made of that specific source such as:

- ❖ Bond Proceeds
- ❖ State Grants

F. Measuring the Cost and/or Value

Capital assets are recorded at their “historical cost”, which is the original cost of the assets. Donations accepted by the Authority will be valued at the fair market value at the time of donation. Costs include purchase price (less discounts) and any other reasonable and necessary costs incurred to place the asset in its intended location and prepare it for service. Costs could include the following:

- Sales Tax
- Freight charges
- Legal and title fees
- Closing costs
- Appraisal and negotiation fees
- Surveying fees
- Land-preparation costs
- Demolition costs
- Relocation costs
- Architect and accounting fees
- Insurance premiums and interest costs during construction

G. Establishing Cost in the Absence of Historical Records

According to the GASB 34, an estimate of the original cost is allowable. Standard costing is one method of estimating historical cost using a known average installed cost for a like unit at the estimated date of acquisition. Another recognized method is normal costing wherein an estimate of historical cost is based on current cost of reproduction new indexed by a reciprocal factor of the price increase of a specific item or classification from the appraisal date to the estimated date acquired. When necessary, the Authority will use whichever method gives the most reasonable amount based on available information.

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H. Recording Costs Incurred After Acquisition

Expenditures/expenses for replacing a component part of an asset are not capitalized. However, expenditures/expenses that either enhance a capital asset's functionality (effectiveness or efficiency), or that extend a capital asset's expected useful life are capitalized. For example, periodically slurry sealing a street would be treated as a repair (the cost would not be capitalized), while an overlay or reconstruction would be capitalized. Adding a new lane constitutes an addition and would therefore also be capitalized.

I. Disposition or Retirement of Fixed Assets

It is the Authority's policy that divisions wishing to dispose of surplus, damaged or inoperative equipment must notify the Finance Division.

The Authority will conduct public auctions, as necessary, for the purpose of disposing of surplus property. Auctions will be conducted by the Finance Division. The original cost less depreciation will then be removed from the Authority's capital asset management system.

J. Transfer of Assets

The transfer of fixed assets between divisions requires notification to the Finance Department.

K. Depreciation

In accordance with GASB Statement No. 34 the Authority will record depreciation expense on all capital assets, except for inexhaustible assets.

The Authority will use straight-line depreciation using the half-year convention or mid-month as appropriate. Depreciation will be calculated for half a year in the year of acquisition and the year of disposition. Depreciation will be calculated over the estimated useful life of the asset.

L. Recommended Lives

The Authority follows GFOA Recommended Practices when establishing recommended lives for capitalized assets. In accordance with GASB 34 the Authority will rely on "general guidelines obtained from professional or industry organizations." In particular the Authority will rely on estimated useful lives published by GFOA. If the life of a particular asset is estimated to be different than these guidelines, it may be changed. The following is a summary for the estimated useful lives:

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Financial Policies

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	20 to 50 years
Improvements	15 to 45 years
Infrastructure	20 to 50 years
Equipment and Machinery	5 to 20 years

M. Control of Assets

In accordance with GFOA Recommended Practice the Authority will exercise control over the non-capitalized tangible capital-type items by establishing and maintaining adequate control procedures at the division level. The Authority's capitalization threshold of \$5,000 meets financial reporting needs and is not designed for nor particularly suited to maintain control over lower cost capital assets. It is the responsibility of each division to maintain inventories of lower-cost capital assets to ensure adequate control and safekeeping of these assets.

N. Maintenance Schedules

The Authority shall develop and implement maintenance and replacement schedules with a goal of maximizing the useful life of all assets. The schedules shall include estimates of annual maintenance and/or replacement funding required for each asset.

O. Maintenance Funding

The Authority shall identify specific sources of funds for the annual maintenance or replacement of each asset. Whenever possible, the maintenance or replacement funding shall be identified from a source other than the Authority General Fund. The Authority shall endeavor to set aside, on an annual basis, one and one-half percent (1½%) of its Operating Budget to provide for on-going maintenance and required replacement of assets that cannot be reasonably funded from other sources.

Q. Inventorying

The Authority will follow the GFOA recommended practice of performing a physical inventory of its capitalized capital assets, either simultaneously or on a rotating basis, so that all capital assets are physically accounted for at least once every five years.

Salinas Valley Solid Waste Authority
Financial Policies

R. Tagging

The Authority will tag only moveable equipment with a value of \$5,000 or higher. Rolling stock items will not be tagged. They will be identified by the VIN number. The Finance department will be responsible for tagging equipment.

Salinas Valley Solid Waste Authority
Financial Policies

SUMMARY

The Salinas Valley Solid Waste Authority (Authority) Board of Directors recognizes their fiduciary responsibility by virtue of their appointment to the Board. In an effort to promote transparency in the fiscal affairs of the Authority and to promote fiscal accountability, it hereby adopts the following financial policies to guide the Authority's finances:

1. Revenues: The Authority will maintain a revenue system that will assure a reliable, equitable, predictable revenue stream to support Authority services.
2. Expenditures: The Authority shall assure fiscal stability and the effective and efficient delivery of services, through the identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.
3. Fund Balance/Reserves: The Authority shall maintain a fund balance at a level sufficient to protect the Authority's creditworthiness as well as its financial position from unforeseeable occurrences or emergencies.
4. Capital Expenditures and Improvements: The Authority shall annually review the state of its capital assets, setting priorities for its replacement and renovation based on needs, funding, alternatives, and availability of resources.
5. Debt: The Authority shall utilize debt financing only to provide needed capital equipment and improvements while minimizing the impact of debt payments on current revenues.
6. Investments: The Authority's cash will be invested in such a manner so as to ensure the absolute safety of principal and interest, meet the liquidity needs of the Authority, and achieve the highest possible yield.
7. Grants: The Authority shall seek, apply for, and effectively administer federal, state and foundation grants that address the Authority's current priorities and policy objectives.
8. Closure Funding: The Authority shall properly fund all closure and post-closure costs in accordance with California Department of Resources Recycling and Recovery (CalRecycle) requirements.
9. Fiscal Monitoring: Authority staff shall prepare and present to the Board regular reports that analyze, evaluate, and forecast the Authority's financial performance and economic condition.

Salinas Valley Solid Waste Authority
Financial Policies

10. Accounting, Auditing and Financial Reporting: The Authority's accounting, auditing and financial reporting shall comply with prevailing local, state, and federal regulations, as well as current professional principles and practices as promulgated by authoritative bodies.
11. Internal Controls: The Authority shall establish and maintain an internal control structure designed to provide reasonable assurance that Authority assets are safeguarded and that the possibilities for material errors in the Authority's financial records are minimized.
12. Operating Budget: The Authority's operating budget will implement the policy decisions of the Board. It will provide a clear picture of the Authority's resources and their use.
13. Capital Assets: The Authority will capitalize all capital assets in accordance with Generally Accepted Accounting Principles so as to maintain proper control of all capital assets.

Salinas Valley Solid Waste Authority
Financial Policies

1 - REVENUES

The Authority will maintain a revenue system that will assure a reliable, equitable, predictable revenue stream to support Authority services.

A. User Fees

The Authority shall establish and collect fees to recover the costs of handling specific items that benefit only specific users. The Authority Board shall determine the appropriate cost recovery level and establish the fees. Where feasible and desirable, the Authority shall seek to recover full direct and indirect costs. User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, compare them to the current fee structure, and to recommend adjustments where necessary.

B. Tipping Fees

Tipping fees shall be set at levels sufficient to cover operating expenditures, meet debt obligations, provide additional funding for capital improvements, and provide adequate levels of working capital. Tipping Fees are not expected to cover depreciation/depletion.

C. One Time Revenues

One-time revenues shall be used only for one-time expenditures.

D. Revenue Estimates

The Authority shall use a conservative, objective, and analytical approach when preparing revenue estimates. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends in revenues. This approach should reduce the likelihood of actual revenues falling short of budget estimates during the year and thus avoid mid-year service reductions.

E. Revenue Collection and Administration

The Authority shall pursue to the full extent allowed by state law all delinquent ratepayers and others overdue in payments to the Authority. Since a revenue should not exceed the cost of producing it, the Authority shall strive to control and reduce administrative collection costs.

Salinas Valley Solid Waste Authority
Financial Policies

2 - EXPENDITURES

The Authority shall assure fiscal stability and the effective and efficient delivery of services, through the identification of necessary services, establishment of appropriate service levels, and careful administration of the expenditure of available resources.

A. Current Funding Basis

The Authority shall operate on a current funding basis. Expenditures shall be budgeted and controlled to not exceed current revenues.

B. Avoidance of Operating Deficits

The Authority shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue estimates are such that an operating deficit (i.e., projected expenditures in excess of projected revenues) is projected at year-end. Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or use of fund balance within the Fund Balance/Reserves Policy. Expenditure deferrals into the following fiscal year, short-term loans, or use of one-time revenue sources shall be avoided to balance the budget.

C. Maintenance of Capital Assets

Within the resources available each fiscal year, the Authority shall maintain capital assets and infrastructure at a sufficient level to protect the Authority's investment, to minimize future replacement and maintenance costs, and to continue current service levels.

D. Periodic Program Reviews

The General Manager shall undertake periodic staff and third-party reviews of Authority programs for both efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternative approaches to service delivery. Programs which are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

E. Purchasing

The Authority shall make every effort to maximize any discounts offered by creditors/vendors. Staff shall use competitive bidding whenever possible to attain the best possible price on goods and services.

Salinas Valley Solid Waste Authority
Financial Policies

3 - FUND BALANCE/RESERVES

The Authority shall maintain a fund balance at a level sufficient to protect the Authority's creditworthiness as well as its financial position from unforeseeable emergencies.

A. Funding the Reserves

After completion of the annual audit, any undesignated cash balance will be allocated to reserves using the following methodology:

1. Operating Reserve (20%)
2. Capital Projects Reserve (60%)
3. Environmental Impairment Reserve (20%)

Any allocation outside of the prescribed methodology or transfers between reserves must be approved by the Board.

B. Operating Reserve

The Authority shall strive to maintain an Operating Reserve equal to fifteen percent (15%) of the current year operating expenditures to provide sufficient reserves for unforeseen occurrences and revenue shortfalls. Operating expenditures, for reserve purposes, is defined as the total budget less capital project expenditures.

E. Use of Operating Reserve

The Operating Reserve shall be used only for its designated purpose: Emergencies, non-recurring expenditures, or major capital purchases that cannot be accommodated through current year revenues. Should such use reduce the balance below the appropriate level set as the objective, restoration recommendations will accompany the decision to utilize said reserve.

C. Capital Projects Reserve

Due to the capital-intensive nature of the Authority's landfill operations the Authority will develop a Capital Projects Reserve for the purpose of funding future capital projects and replacement of existing capital infrastructure in accordance with the Capital Improvements Financial Policies. The target amount of the reserve will be based on the average annual capital needs of the Authority.

Salinas Valley Solid Waste Authority
Financial Policies

F. Environmental Impairment Reserve

Due to the potential release of contaminants that exists with all Municipal Solid Waste landfills, the Authority will strive to fund an Environmental Impairment Reserve for the purpose of responding to a release in a timely manner. The funds can also be used for mitigation or corrective action measures required by CalRecycle. It is highly unlikely that all sites would need corrective action at the same time. Therefore, the funding goal is the Capital Improvement costs at the highest of the sites.

G. Annual Review of Reserves

As part of the annual budget process, the Authority will review the target amount and the status of each of the reserves. This will be considered as part of the budget development. The goal is to reach the Operating and Environmental Impairment Reserve amounts within a five-year period but in no case later than 10 years.

Salinas Valley Solid Waste Authority
Financial Policies

4 - CAPITAL EXPENDITURES AND IMPROVEMENTS

The Authority shall annually review the state of its capital assets, setting priorities for their replacement and renovation based on needs, funding, alternatives, and availability of resources.

A. Capital Improvement Plan

The Authority shall prepare a 10-Year Capital Improvement Plan (CIP) which will detail the Authority's capital needs. The CIP plan will be reviewed every year while discussions of the operating budget take place. The CAO will develop guidelines for what projects to include in the CIP budget. All projects, ongoing and proposed, shall be prioritized based on an analysis of current needs and resource availability. For every capital project, all operation, maintenance, and replacement costs shall be fully disclosed. The CIP budget will be in conformance with and support the Authority's major planning documents and 3-year Strategic Plans.

B. Capital Improvement Budget

The CIP plan will be the basis for which projects will be included in the following year's budget. Appropriations will be approved annually using the following criteria:

1. Linkage with needs identified in the Authority's planning documents.
2. Cost/benefit analysis identifying all economic or financial impacts of the project.
3. Identification of available funding resources.

CIP funding will be based on the following priorities:

1. Projects that comply with regulatory requirements.
2. Projects that maintain health and safety standards.
3. Projects that maintain and preserve existing facilities.
4. Projects that replace existing facilities that can no longer be maintained.
5. Projects that improve operations.

C. Capital Expenditure Financing

Projects will be financed using the following preferred order:

1. Use of current revenues.
2. Use of the Capital Projects Reserve.
3. Borrow money through debt issuance.

Salinas Valley Solid Waste Authority
Financial Policies

Debt financing includes revenue bonds, certificates of obligation, lease/purchase agreements, and other obligations permitted to be issued or incurred under California law. Guidelines for assuming debt are set forth in the Debt Policy Statements.

D. Capital Projects Reserve Fund

A Capital Projects Reserve Fund shall be established and maintained to accumulate funds transferred from the undesignated fund balance. This fund shall only be used to pay for non-routine and one-time capital expenditures such as land and building purchases or construction and maintenance projects with a 10-year life. Expenditures from this Fund shall be aimed at protecting the health and safety of residents, employees, and the environment, and protecting the existing assets of the Authority.

E. Capital Projects Management

The Authority will fund and manage its capital projects in a phased approach. The project phases will become a framework for appropriate decision points and reporting. The phasing will consist of:

1. Conceptual/schematic proposal
2. Preliminary design and cost estimate
3. Engineering and final design
4. Bid administration
5. Acquisition/construction
6. Project closeout

Each project will have a project manager who will prepare the project proposal, ensure that required phases are completed on schedule, authorize all project expenditures, ensure that all regulations and laws are observed, periodically report project status and track project expenditures

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Financial Policies

5 - DEBT

The Authority shall utilize debt financing only to provide needed capital equipment and improvements while minimizing the impact of debt payments on current revenues.

A. Use of Debt Financing

The issuance of long-term debt will be only for the acquisition of land, capital improvements, or equipment.

Debt financing is not considered appropriate for current operations, maintenance expenses, or for any recurring purposes.

B. Conditions for Debt Issuance

The Authority may use long-term debt to finance major equipment acquisition or capital projects only if it is established through a cost/benefit analysis that the financial and community benefits of the financing exceed the financing costs. Benefits would include, but not be limited to, the following:

1. Present value benefit: The current cost plus the financing cost is less than the future cost of the project.
2. Maintenance value benefit: The financing cost is less than the maintenance cost of deferring the project.
3. Equity benefit: Financing provides a method of spreading the cost of a facility back to the users of the facility over time.
4. Community benefit: Debt financing of the project enables the Authority to meet an immediate community need.

Debt financing will be used only when project revenues or other identified revenue sources are sufficient to service the debt.

C. Debt Structure

The Authority's preference is to issue fixed-rate, long-term debt with level debt service, but variable rate debt or other debt service structure may be considered if an economic advantage is identified for a particular project.

Bond proceeds, for debt service, will be held by an independent bank acting as trustee or paying agent.

Salinas Valley Solid Waste Authority
Financial Policies

The Authority's minimum bond rating objective for all debt issues is a Moody's and Standard & Poor's rating of A (upper medium grade). Credit enhancements will be used to achieve higher ratings when there is an economic benefit.

The Authority may retain the following contract advisors for the issuance of debt:

1. Financial Advisor - To be selected, when appropriate, by negotiation to provide financial analysis and advice related to the feasibility and structure of the proposed debt.
2. Bond Counsel - To be selected by negotiation for each debt issue.
3. Underwriters - To be selected by negotiation or competitive bid for each bond issue based upon the proposed structure for each issue.

D. Call Provisions

Call provisions for bond issues shall be made as short as possible consistent with the lowest interest cost to the Authority. When possible, all bonds shall be callable only at par.

E. Debt Refunding

Authority staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a general rule, the present value savings of a particular refunding should exceed 3.5% of the refunded maturities.

F. Interest Earnings

Interest earnings received on the investment of bond proceeds shall be used to assist in paying the interest due on bond issues, to the extent permitted by law.

G. Lease/Purchase Agreements

Over the lifetime of a lease, the total cost to the Authority will generally be higher than purchasing the asset outright. As a result, the use of lease/purchase agreements and certificates of participation in the acquisition of vehicles, equipment and other capital assets shall generally be avoided, particularly if smaller quantities of the capital asset(s) can be purchased on a "pay-as-you-go" basis.

Salinas Valley Solid Waste Authority
Financial Policies

H. Post Issuance Administration / Internal Control

Investment of Proceeds

The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made to obtain the highest level of 1) safety, 2) liquidity, and 3) yield, and may be held as cash. The Authority's investment guidelines and bond indentures will govern objectives and criteria for investment of bond proceeds. The Finance and Administration Manager will oversee the investment of bond proceeds in a manner to avoid, if possible, and minimize any potential negative arbitrage over the life of the bond issuance, while complying with arbitrage and tax provisions.

Use of Proceeds

Bond proceeds will be deposited and recorded in separate accounts to ensure that funds are not comingled with other Authority funds. To ensure proceeds from bond sales are used in accordance with legal requirements, all invoices will be submitted to the Finance and Administration Manager for approval prior to payment. The Finance and Administration Manager will be tasked with monitoring the expenditure of bond proceeds to ensure that they are used only for the purpose and authority for which the bonds were issued and exercising best efforts to spend bond proceeds in such a manner that the Authority will meet one of the spend-down exemptions from arbitrage rebate. Tax-exempt bonds will not be issued unless it can be demonstrated that 85% of the proceeds can reasonably be expected to be expended within the three-year temporary period.

Arbitrage Compliance

The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Finance and Administration Manager shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation; and, if a rebate payment is due, such payment is made in a timely manner.

Salinas Valley Solid Waste Authority
Financial Policies

6 - INVESTMENTS

The Authority's cash will be invested in such a manner so as to ensure the absolute safety of principal and interest, meet the liquidity needs of the Authority, and achieve the highest possible yield after meeting the first two requirements.

A. Investment Policy

The Authority Treasurer is both authorized and required to promulgate a written Statement of Investment Policy which shall be presented to the Board annually.

B. Interest Earnings

Interest earned from investments shall be distributed to the operating funds from which the money was provided, with the exception that interest earnings received on the investment of bond proceeds shall be attributed and allocated to those debt service funds responsible for paying the principal and interest due on the bond issue.

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Financial Policies

7 - GRANTS

The Authority shall seek, apply for, and effectively administer federal, state and foundation grants-in-aid that address the Authority's current priorities and policy objectives.

A. Grant Guidelines

The Authority shall apply, and facilitate the application by others, for only those grants that are consistent with the objectives and high priority needs previously identified by the Board. The potential for incurring ongoing costs, to include the assumption of support for grant-funded positions from local revenues, will be considered prior to applying for a grant.

B. Indirect Costs

The Authority shall recover full indirect costs unless the funding agency does not permit it. The Authority may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant.

C. Grant Review

All grant submittals shall be reviewed for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet the Authority's policy objectives. Departments shall seek Board approval prior to submission of a grant application. Should time constraints under the grant program make this impossible, the department shall obtain approval to submit an application from the CAO and then, at the earliest feasible time, seek formal Board approval. If there are cash match requirements, the source of funding shall be identified prior to application. An annual report on the status of grant programs and their effectiveness shall also be prepared.

D. Grant Program Termination

The Authority shall terminate grant-funded programs and associated positions when grant funds are no longer available unless alternate funding is identified.

Salinas Valley Solid Waste Authority
Financial Policies

8 - CLOSURE FUNDING

The Authority shall properly fund all closure and postclosure costs in accordance with CalRecycle requirements.

A. Closure Funding

In accordance with CalRecycle requirements, the Authority shall annually set aside sufficient funds to fully fund all accrued closure costs liability. These funds will be held in a separate Closure Fund restricted specifically for this purpose.

B. Postclosure Funding

In accordance with the Financial Assurances, the Authority shall fund postclosure costs from future revenues when those costs are incurred. The Authority has entered into a Pledge of Revenue agreement with CalRecycle for this purpose.

C. Closure Funding Calculations

The Authority shall, as part of the budget process, annually recalculate the closure costs on a per ton basis. Funds will be transferred monthly to the Closure funds based on tonnage landfilled. Post closure expense incurred because of current fiscal year solid waste disposal will be recorded as an expense on the Authority's financial statements with a corresponding liability.

Salinas Valley Solid Waste Authority
Financial Policies

9 - FISCAL MONITORING

Authority staff shall prepare and present to the Board regular reports that analyze, evaluate, and forecast the Authority's financial performance and economic condition.

A. Financial Status and Performance Reports

Monthly reports comparing expenditures and revenues to current budget, noting the status of fund balances, and outlining any remedial actions necessary to maintain the Authority's financial position shall be prepared for review by the Board.

B. Five-year Forecast of Revenues and Expenditures

A five-year forecast of revenues and expenditures, to include a discussion of major trends affecting the Authority's financial position, shall be during the budget process. The forecast shall also examine critical issues facing the Authority, economic conditions, and the outlook for the upcoming budget year. The document shall provide insight into the Authority's financial position and alert the Board to potential problem areas requiring attention.

C. Status Report on Capital Projects

A summary report on capital projects completed and the status of the Authority's various capital projects will be prepared as part of the monthly financial reports and presented to the Board.

D. Compliance with Board Policy Statements

The Financial Policies will be reviewed annually and updated, revised, or refined as deemed necessary. Policy statements adopted by the Board are guidelines, and occasionally, exceptions may be appropriate and required. However, exceptions to stated policies will be specifically identified, and the need for the exception will be documented and fully explained.

Salinas Valley Solid Waste Authority
Financial Policies

10 - ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

The Authority's accounting, auditing and financial reporting shall comply with prevailing local, state, and federal regulations, as well as current professional principles and practices as promulgated by authoritative bodies.

A. Conformance to Accounting Principles

The Authority's accounting practices, and financial reporting shall conform to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

B. Popular Reporting

In addition to issuing a comprehensive annual financial report (CAFR) in conformity with GAAP, the Authority shall supplement its CAFR with a simpler, "popular" report designed to assist those residents who need or desire a less detailed overview of the Authority's financial activities. This report should be issued no later than six months after the close of the fiscal year.

Salinas Valley Solid Waste Authority
Financial Policies

11 - INTERNAL CONTROLS

The Authority shall establish and maintain an internal control structure designed to provide reasonable assurance that Authority assets are safeguarded and that the possibilities for material errors in the Authority's financial records are minimized.

A. Proper Authorizations

Procedures shall be designed, implemented, and maintained to ensure that financial transactions and activities are properly reviewed and authorized.

B. Separation of Duties

Job duties will be adequately separated to reduce, to an acceptable level, the opportunities for any person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of assigned duties.

C. Proper Recording

Procedures shall be developed and maintained that will ensure financial transactions and events are properly recorded and that all financial reports may be relied upon as accurate, complete, and up to date.

D. Access to Assets and Records

Procedures shall be designed and maintained to ensure that adequate safeguards exist over the access to and use of financial assets and records.

E. Independent Checks

Independent checks and audits will be made on staff performance to ensure compliance with established procedures and proper valuation of recorded amounts.

F. Costs and Benefits

Internal control systems and procedures must have an apparent benefit in terms of reducing and/or preventing losses. The cost of implementing and maintaining any control system should be evaluated against the expected benefits to be derived from that system.

Salinas Valley Solid Waste Authority
Financial Policies

12 - OPERATING BUDGET

The Authority's operating budget will implement the policy decisions of the Board. It will provide a clear picture of the Authority's resources and their use.

A. Budget Format

The budget shall provide a complete financial plan of all Authority funds and activities for the ensuing fiscal year and shall be in such form as the Chief Administrative Officer deems desirable or that the Board may require.

The budget shall begin with a clear general summary of its contents. It shall show in detail all estimated revenues, all carry-over fund balances and reserves, and all proposed expenditures, including debt service, for the ensuing fiscal year.

The total of proposed expenditures shall not exceed the total of estimated revenues plus the un-appropriated fund balance, exclusive of reserves, for any fund.

The budget will be organized on a program/service level format.

The budget development process will include the identification and evaluation of policy options for increasing and decreasing service levels.

B. Estimated Revenues

The Authority will annually update its revenue forecast to enhance the budgetary decision-making process.

In its budget projections, the Authority will attempt to match current expense to current revenue. If it becomes apparent that revenue shortfalls will create a deficit, efforts will be made first to reduce the deficiency through budgetary reductions.

If appropriate reductions are insufficient, the Board may decide, on an exception basis, to use an appropriate existing reserve.

C. Appropriations

In evaluating the level of appropriations for program enhancements, or reductions, the Authority will apply the following principles in the priority order given:

1. Essential services, which provide for the health and safety of residents will be funded to maintain current dollar levels.

Salinas Valley Solid Waste Authority
Financial Policies

2. The budget will provide for adequate ongoing maintenance of facilities and equipment.
3. Appropriations for program enhancements or reductions will be evaluated on a case-by-case basis rather than across the board.
4. When reductions in personnel are necessary to reduce expenditures, they shall be consistent with the Authority Board's established service level priorities and, when possible, shall be accomplished through normal attrition.
5. Programs, which are self-supported by special revenues or fees, shall be separately evaluated.

Prior to the Authority Board making any supplemental appropriation, the CAO or Finance and Administration Manager shall certify that funds in excess of those estimated in the budget are available for appropriation. Any such supplemental appropriations shall be made for the fiscal year by Board action up to the amount of any excess.

Appropriations may be reduced at any time during the fiscal year by the Authority Board upon recommendation of the CAO. When appropriation reductions are recommended, the CAO shall provide specific recommendations to the Board, indicating the estimated amount of the reduction, any remedial actions taken, and recommendations as to any other steps to be taken.

The CAO may transfer appropriations between divisions, and division managers may transfer appropriations between programs and accounts within their individual divisions, but only the Board by resolution may appropriate funds from reserves or fund balances.

All appropriations, except for Capital Improvement Program and Grant Programs appropriations, shall lapse at the end of the fiscal year to the extent that they have not been expended or encumbered. An appropriation in the Capital Improvement Program shall continue in force until expended, revised, or cancelled.

The Authority will endeavor to budget an appropriated contingency account in all Divisions operating budget equal to one percent of the total Operating Budget to meet changing operational requirements during the fiscal year.

Salinas Valley Solid Waste Authority
Financial Policies

13 - CAPITAL ASSETS

The Authority will capitalize all capital assets in accordance with Generally Accepted Accounting Principles so as to maintain proper control of all capital assets.

A. Overview – The Finance Division will maintain a capital asset management system that will meet external financial reporting requirements and the needs of the Authority in line with these policies.

1. Capital assets are recorded as expenditures in governmental funds at the time the assets are received, and the liability is incurred. These assets will be capitalized at cost on the government wide financial statements. Enterprise fixed assets are recorded as assets within the fund when purchased and a liability is incurred.
 - I. GASB 34 defines Capital Assets as land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
 - II. GASB 34 defines Infrastructure Assets as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Buildings that are an ancillary part of a network of infrastructure assets are included.

The Authority uses the most current edition of GOVERNMENTAL ACCOUNTING, AUDITING, AND FINANCIAL REPORTING (GAAFR) published by the Government Finance Officers Association (GFOA) as its authoritative guide in setting policy and establishing accounting procedures regarding capital assets.

B. Capitalization

Generally all capital assets with an original cost of \$25,000 or more will be capitalized (recorded as an asset on the balance sheet versus expensing the item). Infrastructure Assets with an original cost of \$150,000 or more will be capitalized. This capitalization policy addresses financial reporting, not control. The Authority follows the GFOA recommended practices for establishing capitalization thresholds. Specific capitalization requirements are described as follows:

1. The asset must cost \$25,000 or more.
2. The asset must have a useful life of two (2) or more years.

Salinas Valley Solid Waste Authority
Financial Policies

3. The capitalization threshold is applied to individual units of capital assets rather than groups. For example, ten items purchased for \$10,000 each will not be capitalized even though the total (\$100,000) exceeds the threshold of \$25,000.
4. For purposes of capitalization, the threshold will generally not be applied to components of capital assets. For example, a keyboard, monitor and central processing unit purchased as components of a computer system will not be evaluated individually against the capitalization threshold. The entire computer system will be treated as a single asset. The capitalization threshold will be applied to a network if all component parts are required to make the asset functional.
5. Repairs to existing capital assets will generally not be subject to capitalization unless the repair extends the useful life of the asset. In this case the repair represents an improvement and is subject to the requirements described number 6 below.
6. Improvements to existing capital assets will be presumed by definition to extend the useful life of the related capital asset and therefore will be subject to capitalization if the cost exceeds \$5,000.
7. Capital projects will be capitalized as "construction in progress" until completed. Personal computers will not be capitalized:

C. Leased Assets

Operating leased assets are usually short term and cancelable at any time. The recording of an operating lease as a fixed asset is not required because the item is not purchased.

Capital leases will be capitalized if one or more of the following criteria are met and the chance of cancellation is low:

- a. Ownership is transferred by the end of the lease term
- b. The lease contains a bargain purchase option
- c. The lease term is greater than or equal to 75 percent of the asset's service life
- d. The present value of the minimum lease payment is greater than or equal to ninety percent (90%) of the fair market value of the asset at the inception of the lease.

Capital lease items are capitalized at the beginning of the lease period, regardless of when the title transfers. Capital leases are recorded at net present value of lease payments.

Salinas Valley Solid Waste Authority
Financial Policies

D. Capital Asset Recording

It is the responsibility of the Finance Division to record, monitor and inventory all fixed assets. Each division will assign appropriate staff members to respond to verification, inventories, and filling out the necessary forms for recording transfers, dispositions or retired fixed assets.

E. Acquisition of Capital Asset

Fixed assets may be acquired through direct purchase, lease-purchase or capital lease, construction, eminent domain, donations, and gifts. When a capital asset is acquired, the funding source will be identified. If funds are provided by a specific funding source, a record will be made of that specific source such as:

- ❖ Bond Proceeds
- ❖ State Grants

F. Measuring the Cost and/or Value

Capital assets are recorded at their “historical cost”, which is the original cost of the assets. Donations accepted by the Authority will be valued at the fair market value at the time of donation. Costs include purchase price (less discounts) and any other reasonable and necessary costs incurred to place the asset in its intended location and prepare it for service. Costs could include the following:

- Sales Tax
- Freight charges
- Legal and title fees
- Closing costs
- Appraisal and negotiation fees
- Surveying fees
- Land-preparation costs
- Demolition costs
- Relocation costs
- Architect and accounting fees
- Insurance premiums and interest costs during construction

G. Establishing Cost in the Absence of Historical Records

According to the GASB 34, an estimate of the original cost is allowable. Standard costing is one method of estimating historical cost using a known average installed cost for a like unit at the estimated date of acquisition. Another recognized method is normal costing wherein an estimate of historical cost is based on current cost of reproduction new indexed by a reciprocal factor of the price increase of a specific item or classification from the appraisal date to the estimated date acquired. When necessary, the Authority will use whichever method gives the most reasonable amount based on available information.

Salinas Valley Solid Waste Authority
Financial Policies

H. Recording Costs Incurred After Acquisition

Expenditures/expenses for replacing a component part of an asset are not capitalized. However, expenditures/expenses that either enhance a capital asset's functionality (effectiveness or efficiency), or that extend a capital asset's expected useful life are capitalized. For example, periodically slurry sealing a street would be treated as a repair (the cost would not be capitalized), while an overlay or reconstruction would be capitalized. Adding a new lane constitutes an addition and would therefore also be capitalized.

I. Disposition or Retirement of Fixed Assets

It is the Authority's policy that divisions wishing to dispose of surplus, damaged or inoperative equipment must notify the Finance Division.

The Authority will conduct public auctions, as necessary, for the purpose of disposing of surplus property. Auctions will be conducted by the Finance Division. The original cost less depreciation will then be removed from the Authority's capital asset management system.

J. Transfer of Assets

The transfer of fixed assets between divisions requires notification to the Finance Department.

K. Depreciation

In accordance with GASB Statement No. 34 the Authority will record depreciation expense on all capital assets, except for inexhaustible assets.

The Authority will use straight-line depreciation using the half-year convention or mid-month as appropriate. Depreciation will be calculated for half a year in the year of acquisition and the year of disposition. Depreciation will be calculated over the estimated useful life of the asset.

L. Recommended Lives

The Authority follows GFOA Recommended Practices when establishing recommended lives for capitalized assets. In accordance with GASB 34 the Authority will rely on "general guidelines obtained from professional or industry organizations." In particular the Authority will rely on estimated useful lives published by GFOA. If the life of a particular asset is estimated to be different than these guidelines, it may be changed. The following is a summary for the estimated useful lives:

Salinas Valley Solid Waste Authority
Financial Policies

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	20 to 50 years
Improvements	15 to 45 years
Infrastructure	20 to 50 years
Equipment and Machinery	5 to 20 years

M. Control of Assets

In accordance with GFOA Recommended Practice the Authority will exercise control over the non-capitalized tangible capital-type items by establishing and maintaining adequate control procedures at the division level. The Authority's capitalization threshold of \$5,000 meets financial reporting needs and is not designed for nor particularly suited to maintain control over lower cost capital assets. It is the responsibility of each division to maintain inventories of lower-cost capital assets to ensure adequate control and safekeeping of these assets.

N. Maintenance Schedules

The Authority shall develop and implement maintenance and replacement schedules with a goal of maximizing the useful life of all assets. The schedules shall include estimates of annual maintenance and/or replacement funding required for each asset.

O. Maintenance Funding



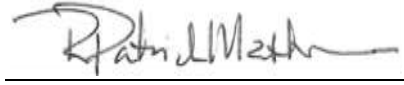
The Authority shall identify specific sources of funds for the annual maintenance or replacement of each asset. Whenever possible, the maintenance or replacement funding shall be identified from a source other than the Authority General Fund. The Authority shall endeavor to set aside, on an annual basis, one and one-half percent (1½%) of its Operating Budget to provide for on-going maintenance and required replacement of assets that cannot be reasonably funded from other sources.

Q. Inventorying

The Authority will follow the GFOA recommended practice of performing a physical inventory of its capitalized capital assets, either simultaneously or on a rotating basis, so that all capital assets are physically accounted for at least once every five years.

R. Tagging

The Authority will tag only moveable equipment with a value of \$5,000 or higher. Rolling stock items will not be tagged. They will be identified by the VIN number. The Finance department will be responsible for tagging equipment.

 <p>Report to the Executive Committee</p>	<p>ITEM NO. 5</p>
<p>Date: November 4, 2021</p> <p>From: C. Ray Hendricks, Finance and Administration Manager</p> <p>Title: Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2021</p>	<p> Finance and Administration Manager/Controller-Treasurer</p> <p> General Manager/CAO</p> <p>N/A Authority General Counsel</p>

RECOMMENDATION

Staff requests that the Executive Committee recommends that the Board of Directors review and accept the report.

STRATEGIC PLAN RELATIONSHIP

This agenda item is a routine annual operational item.

FISCAL IMPACT

This item has no fiscal impact but does reflect continuing year-over-year improvements in the Authority's Net Position. It reports the results of the 2020-21 fiscal year's operations.

DISCUSSION & ANALYSIS

The Authority's Comprehensive Annual Financial Report was audited by McGilloway, Ray, Brown & Kaufman. The audit of the financial statements is an annual requirement.

The auditors provided an "unmodified opinion," meaning that they took no exception to any of the numbers. The auditors also informed us that there is no management letter for this past fiscal year, meaning that the Authority's financial operations met all internal controls requirements. Typically, a management letter is issued when the auditors feel that internal controls should be improved.

For the fiscal year ended June 30, 2021, the Authority adopted the following pronouncement of the Governmental Accounting Standards Board (GASB):

Statement No. 84, Fiduciary Activities

Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61

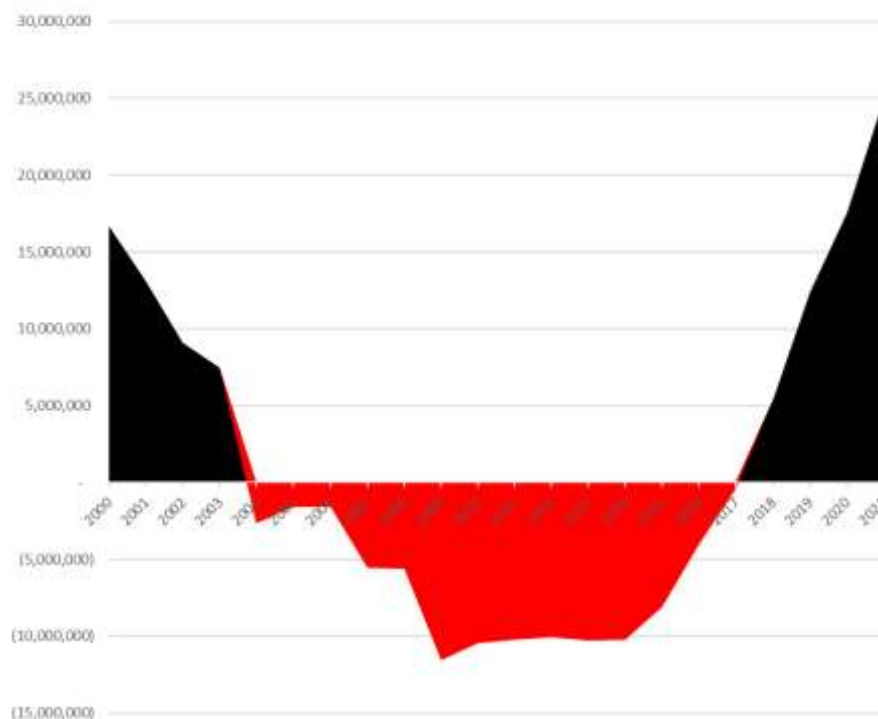
While these pronouncements are effective for our fiscal year ending June 30, 2021, they have a negligible effect on our financials. Statement 84 requires additional disclosures for fiduciary activities but has no financial impact. Statement No. 90 requires additional disclosures for component units or equity interest of legally separate organizations, which does not apply to the Authority.

The Comprehensive Annual Financial Report contains information about the Authority's finances in accordance with Governmental Accounting Standards. We highly encourage the Board to read the Management Discussion and Analysis, which provides a summary of the Authority's finances. In this staff report, staff wishes to address the two most important numbers from the financial statements, the Net Position, and the Change in Net Position.

Net Position of \$24,913,805

The Net Position improved to \$24,903,805. This is an improvement of \$7,394,361 from a net position of \$17,519,444 in FY 2019-20.

The chart below shows the Authority's year ending net position since 2000.



Following are the key items affecting the Authority's net position:

- 1997 – Authority was formed with a contribution of capital (landfills) from the County and the purchase of Crazy Horse Landfill from Salinas.
- 2001 – Began expedited depreciation of Crazy Horse Landfill to prepare for original 2004 closure date.
- 2002 - \$40M Bond Issue - (\$2.5 million closing cost). Money was used to fund Capital Improvements necessary over the next several years necessary to rectify legacy violations and underfunded facility improvements.
- 2003 – Lewis Road Closure - Write off remaining assets. Closure Post-Closure Expense Catch Up
- 2007 - Jolon Road Closure - Write off remaining assets. Closure Post-Closure Expense Catch Up
- 2009 - Crazy Horse Closure - Write off remaining assets. Closure Post-Closure Expense Catch Up
- 2015 – Bond Refunding, beginning of staff run operations at Johnson Canyon, and first Substantial Tonnage Increase in 10 years.
- 2017 – Beginning of staff run operations at Jolon Road Transfer Station.

Positive Change in Net Position of \$7,394,361

Key elements of these year-over-year changes are as follows:

The Authority's activities increased the net position to \$24,913,805. Key elements of this change are as follows:

Operating revenues increased \$1,349,750 (5.9%) as the result of increases in solid waste tonnage received, which resulted in \$666,932 in increased revenues. Increases in diversion program tonnages resulted in \$481,067 in increased revenues. Increases in organics tonnage resulted in \$170,629 in increased revenues. Sales of Materials increased by \$105,416. Other Charges for services increased \$10,252. The transportation surcharge decreased \$92,773 due to a reduction of tons transferred within the Authority system

Operating expenses decreased by \$1,853,980 (10.6%) to \$15,717,740. The \$184,438 decrease in personnel services is due to adjustments to pension and post-employment benefits resulting in a reduction of \$259,032 year over year. Leave liabilities decreased required expenditures by \$45,590 due partly to a reduction in the remaining leave required by the Families First Coronavirus Act. The remaining increase of \$120,184 is due to increased staffing allocations required to safely operate our facilities.

Closure/Post-Closure Maintenance Expenses decreased \$2,110,811 due mainly to an adjustment in the closure and post-closure estimate for Johnson Canyon Landfill. Post-closure maintenance expenses for Crazy Horse Canyon Landfill were \$676,521. Post-closure maintenance expenses for Lewis Road Landfill were \$83,648. Post-closure maintenance expenses for Jolon Road Landfill were \$166,393. For the active Johnson Canyon Landfill, Closure and Post-closure Liabilities are expensed as a percentage of capacity used at the landfill. A five-year permit review was approved during FY 2020-21 adjusting both the closure and post-closure estimates for the site. Johnson Canyon closure estimates were reduced, resulting in (\$2,287,400) for closure expenses. Estimates for post-closure were increased, resulting in \$1,048,935 in post-closure expenses.

BACKGROUND

The Authority's financial statements are presented on a full accrual basis similar to a business. The Authority's financial statements are audited by McGilloway, Ray, Brown & Kaufman. The audit of the financial statements is an annual requirement.

ATTACHMENT(S)

1. Draft Governance letter from McGilloway, Ray, Brown & Kaufman
2. Draft Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021

To the Board of Directors
Salinas Valley Solid Waste Authority
Salinas, California

We have audited the financial statements of Salinas Valley Solid Waste Authority (the Authority) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 10, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1, Significant Accounting Policies, to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the FY 2020-21. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Authority's financial statements were:

Management's estimate of the allowance for doubtful accounts is based on historical collections and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of landfills is depreciated based on units-of-consumption. Units-of-consumption depreciation rates are determined annually for the operating landfill at Johnson Canyon. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation other than landfill cells is based on the straight-line method over the estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of closure and postclosure maintenance costs are based on studies performed by the Authority's engineers annually and submitted to the California Integrated Waste Management Board and the Regional Water Control Board annually. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferrals are based on an amount actuarially determined in accordance with the parameters of GASB Statement 68. We evaluated the key factors and assumptions used to develop the deferred inflows and outflows of resources and determined that it is reasonable in relation to the financial statements.

Management's estimate of the net OPEB liability and related deferrals are based on an amount actuarially determined in accordance with the parameters of GASB Statement 75. We evaluated the key factors and assumptions used to develop the deferred inflows and outflows of resources and determined that it is reasonable in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Landfill Closure and Postclosure Requirements in Note 10 to the financial statements

The disclosure of Pension Plan in Note 12 to the financial statements –GASB Statement 68, *Accounting Valuation Report*, with the measurement date of June 30, 2020.

The disclosure of Other Post-Employment Benefit (OPEB) Plan in Note 13 to the financial statements - GASB Statement 75, *Accounting Valuation Report*, with the measurement date of June 30, 2020.

The disclosure of Commitments & Contingencies in Note 15 to the financial statements

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule of "Passed Adjusting Journal Entries Report" summarizes uncorrected misstatement of the financial statements. Management has determined that their effects are immaterial, both individually and in aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 4, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Report on Required Supplementary Information

We applied certain limited procedures to the Management’s Discussion and Analysis, the schedule of the Authority’s proportionate share of the net pension liability and related ratios as of measurement date – cost sharing defined benefit pension plan, the schedule of statutorily required employer contributions pension plan, the schedule of changes in the Authority’s net OPEB liability and related ratios as of measurement date, and the schedule of employer OPEB contributions, which are required supplementary information (RSI) that supplements the basic financial statements.

Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Report on Other Information

We were not engaged to report on the introductory section and the statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

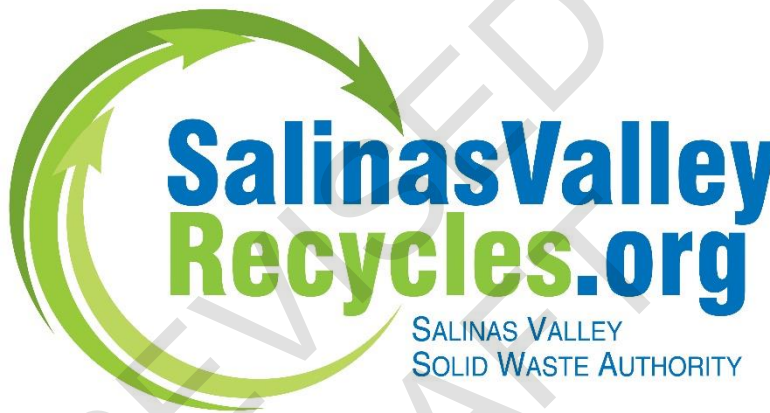


McGilloway, Ray, Brown & Kaufman
Salinas California
November 4, 2021

Salinas Valley Solid Waste Authority
June 30, 2021

Passed Adjusting Journal Entries								
Description (Nature) of Audit Difference (AD)	Factual, Judgmental, or Projected	Cause	Financial Statement Effect—Amount of Over- (Under-) statement of:					
			Total Assets & Deferred Outflow of Resources	Total Liabilities & Deferred Inflows of Resources	Net Position	Revenues	Expenses	Change in Net Position
Passed on prior period adjustment of deferred outflows of resources	Factual	Understating of deferred outflows of resources related to pension in prior year	323,766				(323,766)	(323,766)
Total			323,766	0	0	0	-323,766	-323,766
Less audit adjustments subsequently booked								
Net unadjusted AD—current year (iron curtain method)			323,766	0	0	0	-323,766	-323,766
Effect of unadjusted AD—prior years			(323,766)				323,766	323,766
Combined current year and prior year AD (rollover method)			0	0	0	0	0	0
Financial statement caption totals			73,415,784	48,501,979	24,913,805	24,321,331	16,926,970	7,394,361
Current year AD as % of F/S captions (iron curtain method)			0.44%	0.00%	0.00%	0.00%	-1.91%	-4.38%
Current and prior year AD as % of F/S captions (rollover method)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**SALINAS VALLEY
SOLID WASTE AUTHORITY**
Monterey County, California
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021



PREPARED BY
THE AUTHORITY'S FINANCE DIVISION
C. Ray Hendricks
Finance and Administration Manager/Treasurer/Controller
Ernesto Natera, Business Services Supervisor
Linda Vasquez, Accounting Technician
Salma Sandoval, Accounting Technician

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INTRODUCTORY SECTION



"To manage Salinas Valley solid waste as a resource, promoting sustainable, environmentally sound and cost-effective practices through an integrated system of waste reduction, reuse recycling, innovative technology, customer service and education "

November 4, 2021

Citizens and Board of Salinas Valley Solid Waste Authority:

We are pleased to submit the Salinas Valley Solid Waste Authority's (Authority) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. These statements combined with other information are analyzed in the narrative section called Management's Discussion and Analysis (MD&A). The MD&A provides financial highlights and interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the Authority.

This report consists of management's representations concerning the financial position of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Authority'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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

McGilloway, Ray, Brown & Kaufman, an independent firm of certified public accountants, has audited the Authority's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority 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 auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the Authority'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.

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 Authority's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity

On January 1, 1997, the Salinas Valley Solid Waste Authority was created through a joint powers agreement among the cities of Salinas, Gonzales, Greenfield, King City, and Soledad, and the unincorporated area of the eastern portion of Monterey County, to provide waste recovery and solid waste disposal services to the member cities, and the unincorporated area in the eastern and southern portion of the county. The Authority is governed by a nine-member board consisting of three members of the Salinas City Council, two members of the Monterey County Board of Supervisors, and one City Council member each from the cities of Gonzales, Greenfield, King City, and Soledad.

Operating Results

GAAP require that depreciation, estimated closure costs, and estimated post-closure maintenance costs be charged as a current expense. These expenses are allocated over the estimated remaining capacity of the landfills within the Authority's disposal system. Based on these requirements, the Salinas Valley Solid Waste Authority reports operating income of \$8,529,225 and an increase in net position of \$7,394,361 for the fiscal year ended June 30, 2021.

As part of its adopted Financial Policies, the Authority does not set aside funds for post-closure maintenance. Per the agreement with the California Integrated Waste Management Board, dated June 19, 1998, the Authority has pledged future revenue to cover the cost of post-closure maintenance. The Authority's tipping fees are not expected to cover the accrual of post-closure expenses in the current period. At June 30, 2021, the Authority has accrued post-closure liabilities totaling \$17,414,758 which will be paid out of future revenues through at least the first 30 years after the closure of Johnson Canyon Landfill.

The Authority's policy is to set aside funds for closure costs. As of June 30, 2021, \$4,900,857 has been set aside for the future closure of Johnson Canyon Landfill as required by CalRecycle. Accrued closure liabilities for Johnson Canyon Landfill are \$1,839,989, which are fully funded at June 30, 2021.

The Authority's tipping fees are set at an amount sufficient to provide for operations, closure set-aside requirements, post-closure maintenance on a pay-as-you-go basis, capital requirements, and debt service on bonds issued for capital replacement. The Authority's tipping fees are not expected to recover depreciation expense, though Capital Replacement Budgets function to provide a portion of depreciated asset replacement costs.

The Statement of Cash Flows for the fiscal year ended June 30, 2021, provides a detailed reconciliation of the Authority's cash, which increased \$1,802,551 from \$31,710,964 to \$33,513,515.

Financial Management

The Authority carefully monitors its charges for services. Tonnage has increased significantly due to increased economic activity and reduced markets for recycled materials. Increases in disposal tonnage have allowed the Authority to not increase solid waste tipping fees since July 1, 2016, when the tipping fee increased \$1.50 to \$68.50 per ton. Effective July 1, 2013 the Board adopted an AB939 Fee, which generated \$2.73 million during the year ended June 30, 2021. This revenue is guaranteed for funding of non-landfill related AB939 programs regardless of tonnage received. This will reduce the fluctuations in revenue due to changes in tonnage.

CalPERS Pension Liabilities

During FY 2018-19, the Authority used FY 2017-18 cash surpluses to pay off its entire \$1.1 million Unfunded Actuarial Liability (UAL) for its retirement plan, saving the Authority over \$1 million in interest payments over the scheduled amortization period through 2045. CalPERS implemented a

reduction of the discount rate from 7.25% to 7.00% in its June 30, 2018, actuarial valuation. This change created an unfunded liability of \$323,766, which was paid off during fiscal year 2019-20, saving the Authority \$209,177 over the scheduled amortization through 2034. CalPERS reported investment returns of 4.7% for fiscal year ended June 30, 2020, and 21.3% for fiscal year ended June 30, 2021. The Authority set up an account through the California Employers' Pension Prefunding Trust Program (CEPPT), a 115 trust, to manage the liability created from the investment shortfall for fiscal year ended June 30, 2020. However, the June 30, 2021, returns will leave the account overfunded. The funds deposited in the CEPPT will be left in the fund, with additional deposits planned to manage future unfunded liability needs. CalPERS is scheduled to make a decision on the long-term discount rate at its November 2021 Board Meeting. A reduction in the discount rate will affect the Authority's overall funded status.

Bond Issue 2014

On January 28, 2014, the Authority completed a refunding of the revenue bonds issued in 2002 and refinancing of the Crazy Horse Canyon Landfill installment purchase agreement with the City of Salinas. The refunding revenue bonds total \$31,390,000. The refunding bonds were sold in two series, Series 2014A and Series 2014B. Series 2014A, totaling \$27,815,000, refunded the Series 2002 revenue bonds and Series 2014B, totaling \$3,575,000, refinanced the Crazy Horse Canyon Landfill installment purchase agreement.

The maximum annual debt service is \$3,137,000 including interest at varying rates up to 5.50%. The final interest and principal payment on the bonds are scheduled for August 1, 2031.

Expansion Fund

The "Expansion Fund" was established to collect proceeds from the sale of outside waste, pay costs associated with increased tonnage generated by outside waste, and pay the costs related to locating and permitting a new landfill site, and other long-term expansion costs. Over the term of the revised agreement with South Valley Disposal, revenue from the sale of outside waste was \$23.18 million, with costs estimated at \$4.9 million to operate Crazy Horse, \$1.8 million for landfill cell liners at Johnson Canyon, \$2.2 million in closure costs set asides, and \$1.8 million in taxes and fees. In addition to money allocated to CIPs related to expansion and conversion technologies, and investment earnings, the Board of Directors decided to use a portion of these funds for operations during the Great Recession until the economy recovered in order to avoid tipping fee increases. At June 30, 2021, the Expansion Fund had unrestricted net position of \$8,678,735.

Summary


Benefitting from continued better than expected economic activity, the Authority increased its net position by \$7,394,361 and ended the year with a Net Position of \$24,913,805. With principal payments to the 2014 Bonds, the Net Position is expected to continue to improve, allowing the Authority to set aside reserves and possibly continue to prefund some of its long-term liabilities.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Salinas Valley Solid Waste Authority for its Comprehensive Annual Financial Report for the year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. Salinas Valley Solid Waste Authority has received this award every year beginning with fiscal year ending June 30, 2014.

I would like to take this opportunity to thank the members of the Salinas Valley Solid Waste Authority's Board of Directors for their interest and support in the financial operations of the Authority. It is the responsible and progressive manner in which business is conducted that makes the Authority successful. I would also like to extend special recognition to the Authority's staff for their day-to-day involvement in the operations. In addition, I would like to offer special thanks to Ernesto Natera (Business Services Supervisor), Linda Vasquez (Accounting Technician), and Salma Sandoval (Accounting Technician), without whom this presentation would not be possible. I would also like to thank the Authority's auditors McGilloy, Ray, Brown & Kaufman. It is the combined effort of all participants that resulted in the issuance of this document.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'C. Ray Hendricks', with a stylized, flowing script.

C. Ray Hendricks
Finance and Administration Manager/Treasurer/Controller

REVISED
DRAFT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Salinas Valley Solid Waste Authority
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



List of Principal Officials

As of June 30, 2021

Chris Lopez, County of Monterey
President

Christie Cromeenes, City of Salinas
Vice President

Andrew Tipton, City of Greenfield
Alternate Vice President

Kimbley Craig, City of Salinas
Board Member

Robert Cullen, City of King
Board Member

Ben Jimenez Jr, City of Soledad
Board Member

Anthony Rocha, City of Salinas
Board Member

John M. Phillips, County of Monterey
Board Member

Elizabeth Silva, City of Gonzales
Board Member

R. Patrick Mathews
General Manager/
Chief Administrative Officer

Roy Santos
General Counsel

Mandy Brooks
Resource Recovery Manager

C. Ray Hendricks
Finance and Administration Manager/
Treasurer/Controller

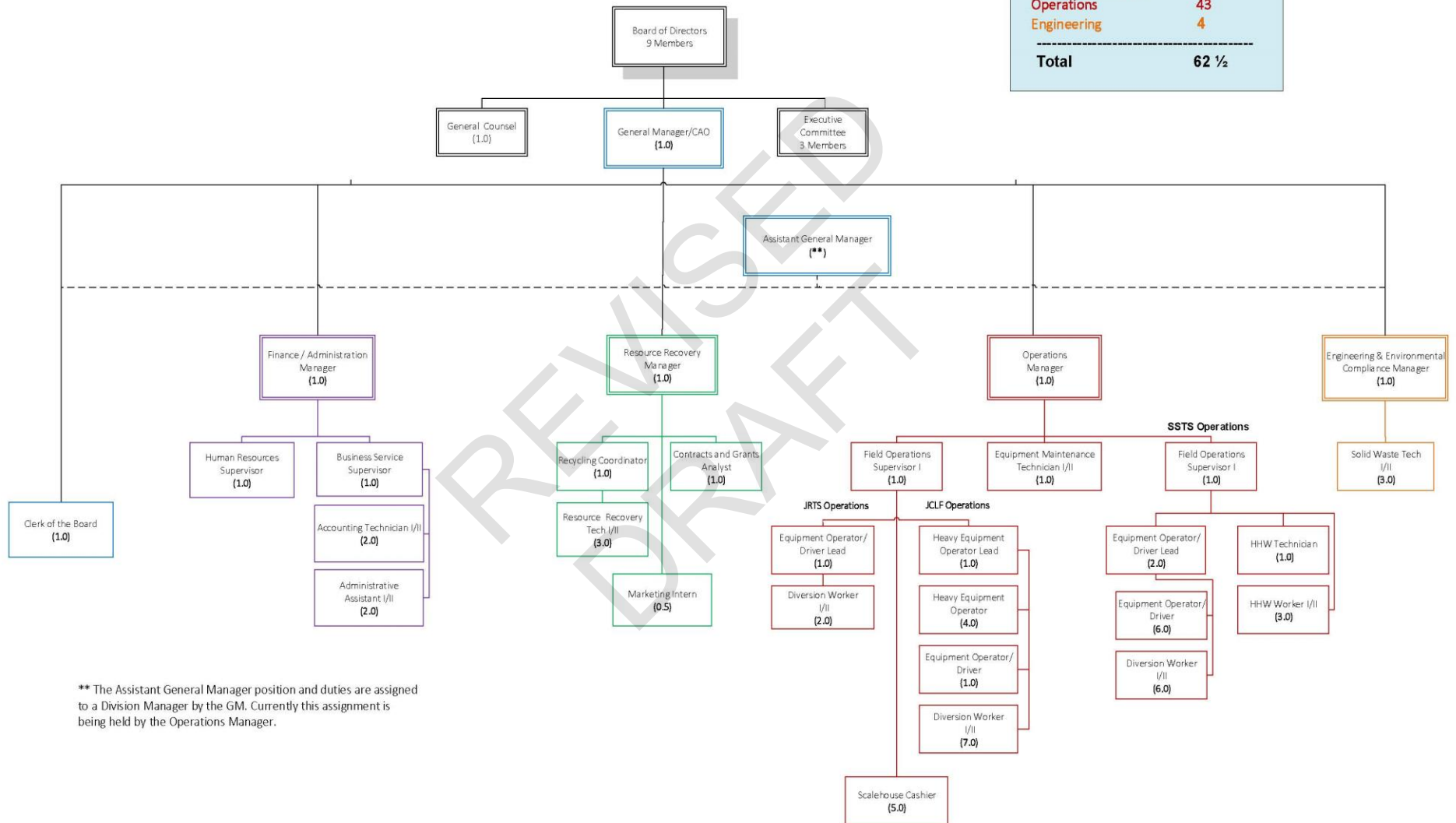
Brian Kennedy
Engineering and Environmental
Compliance Manager

Cesar Zuniga
Assistant General Manager/
Operations Manager

Salinas Valley Solid Waste Authority Organizational Chart

Proposed Effective Date: January 21, 2021

Executive Administration	2
Finance & Administration	7
Resource Recovery	6 ½
Operations	43
Engineering	4
<hr/>	
Total	62 ½



** The Assistant General Manager position and duties are assigned to a Division Manager by the GM. Currently this assignment is being held by the Operations Manager.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Directors
of the Salinas Valley Solid
Waste Authority
Salinas, California

Report on the Financial Statements

We have audited the accompanying financial statements of Salinas Valley Solid Waste Authority (the Authority), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the Authority'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 an opinion 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. 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Salinas Valley Solid Waste Authority as of June 30, 2021, and the respective changes in financial position and cash flows, 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, the schedule of Authority's proportionate share of the net pension liability and related ratios as of measurement date – cost sharing defined benefit pension plan, the schedule of statutorily required employer contributions-pension plan, the schedule of changes in the Authority's net OPEB liability and related ratios as of measurement date, and the schedule of employer OPEB contributions, 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have 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.



McGilloway, Ray, Brown & Kaufman
Salinas, California
November 4, 2021

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Introduction

This section of the Salinas Valley Solid Waste Authority (Authority) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and comparative analysis of the financial activities of the Authority for the fiscal years ended June 30, 2021, and June 30, 2020. Please consider the information presented here in conjunction with the basic financial statements that immediately follow, along with the letter of transmittal, and other portions of this CAFR.

For the fiscal year ended June 30, 2021, the Authority adopted the following pronouncements of the Governmental Accounting Standards Board (GASB):

- Statement No. 84, "Fiduciary Activities".
- Statement No. 90, "Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61".
- Statement No. 93, "Replacement of Interbank Offered Rates".

Financial Highlights

- The Authority's net position increased \$7,394,361 to \$24,913,805.
- Operating revenues increased \$1,349,750 (5.9%) as the result of increase to Solid Waste, Green Waste, and Clean Fill Dirt Tonnage received at Authority facilities.
- Waste landfilled increased by 6,484 tons (2.9 %) from 224,979 tons in fiscal year 2019-20 to 231,463 tons in fiscal year 2020-21 as primarily the result of increased self-haul tonnage received at Sun Street Transfer Station.
- Operating expenses decreased by \$1,853,980 (-10.6%) to \$15,717,740 due primarily to an adjustment to the Closure Estimate for Johnson Canyon Landfill, which reduced the long-term liability.
- The Authority's total liabilities decreased by \$3,535,300 to \$47,925,343.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CAFR, which is comprised of three components: 1) Management Discussion and Analysis (this document), 2) Basic Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements for further information and analysis.

Basic Financial Statements

The Basic Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine the Authority's credit worthiness and whether the Authority has successfully recovered all its costs through its user fees and other charges.

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

The final required Financial Statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to fully understand the data provided in the financial statements.

Required Supplementary Information

In addition to the basic financial statements, a CAFR also provides Required Supplementary Information that presents the funding progress of the Authority's retirement plan.

FINANCIAL STATEMENTS ANALYSIS

Statement of Net Position

The Statement of Net Position is a good indicator of the Authority's financial position. At the end of this fiscal year, the Authority closed with a net position of \$24,913,805, which is an increase of \$7,394,361 from the prior year net position of \$17,519,444.

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

Salinas Valley Solid Waste Authority Condensed Statement of Net Position June 30, 2021 and 2020				
	2021	2020	Change	% Change
Assets				
Current Assets	\$30,724,193	\$29,370,079	\$1,354,114	4.6%
Other Assets	4,968,341	4,847,619	120,722	2.5%
Capital Assets, Net	36,156,009	33,736,669	2,419,340	7.2%
Total Assets	71,848,543	67,954,367	3,894,176	5.7%
Deferred Outflows of Resources	1,567,241	1,741,060	(173,819)	-10.0%
Liabilities				
Current Liabilities	4,532,499	4,729,438	(196,939)	-4.2%
Long-term Liabilities	43,392,844	46,731,205	(3,338,361)	-7.1%
Total Liabilities	47,925,343	51,460,643	(3,535,300)	-6.9%
Deferred Inflows of Resources	576,636	715,340	(138,704)	-19.4%
Net Position				
Net Investment in				
Capital Assets	10,393,875	6,082,771	4,311,104	70.9%
Restricted	3,256,346	761,858	2,494,488	327.4%
Unrestricted	11,263,584	10,674,815	588,769	5.5%
Total Net Position	\$24,913,805	\$17,519,444	\$7,394,361	42.2%

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Statement of Revenues, Expenses and Changes in Net Position

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

Salinas Valley Solid Waste Authority
Condensed Statement of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2021 and 2020

	2021	2020	Change	% Change
Operating Revenues				
Charges for Services	\$23,479,213	\$22,243,106	\$1,236,107	5.6%
Sales of Materials	679,691	574,275	105,416	18.4%
Operating Grants and Contributions	88,061	79,834	8,227	10.3%
Total Operating Revenues	<u>24,246,965</u>	<u>22,897,215</u>	<u>1,349,750</u>	<u>5.9%</u>
Operating Expenses	<u>15,717,740</u>	<u>17,571,720</u>	<u>(1,853,980)</u>	<u>-10.6%</u>
Operating Income	<u>8,529,225</u>	<u>5,325,495</u>	<u>3,203,730</u>	<u>60.2%</u>
Non-operating Revenues				
Investment Earnings	<u>21,687</u>	<u>674,151</u>	<u>(652,464)</u>	<u>-96.8%</u>
Total Non-operating Revenues	<u>21,687</u>	<u>674,151</u>	<u>(652,464)</u>	<u>-96.8%</u>
Non-operating Expenses				
Interest Expense	<u>(1,209,230)</u>	<u>(1,294,539)</u>	<u>85,309</u>	<u>-6.6%</u>
Total Non-operating Expenses	<u>(1,209,230)</u>	<u>(1,294,539)</u>	<u>85,309</u>	<u>-6.6%</u>
Income Before Capital Contribution	<u>7,341,682</u>	<u>4,705,107</u>	<u>2,636,575</u>	<u>56.0%</u>
Capital Contribution	<u>52,679</u>	<u>437,249</u>	<u>(384,570)</u>	<u>-88.0%</u>
Change in Net Position	<u>7,394,361</u>	<u>5,142,356</u>	<u>2,252,005</u>	<u>43.8%</u>
Total Net Position - Beginning of Year	<u>17,519,444</u>	<u>12,377,088</u>	<u>5,142,356</u>	<u>41.5%</u>
Net Position - Ending of Year	<u>\$24,913,805</u>	<u>\$17,519,444</u>	<u>\$7,394,361</u>	<u>42.2%</u>

The Authority's activities increased the net position \$7,394,361 to \$24,913,805. Key elements of this change are as follows:

Operating revenues increased \$1,349,750 (5.9%) as the result of increases in solid waste tonnage received, which resulted in \$666,932 in increased revenues. Increases in diversion program tonnages resulted in \$481,067 in increased revenues. Increases in organics tonnage resulted in \$170,629 in increased revenues. Sales of Materials increased by \$105,416. Other Charges for services increased \$10,252. The transportation surcharge decreased \$92,773 due to a reduction of tons transferred within the Authority system.

Operating expenses decreased by \$1,853,980 (10.6%) to \$15,717,740. The \$184,438 decrease in personnel services is due to adjustments to pension and post employment benefits resulting in a reduction of \$259,032 year over year. Leave liabilities decreased required expenditures by \$45,590 due partly to a reduction in the remaining leave required by the Families First Coronavirus Act. The remaining increase of \$120,184 is due to increased staffing allocations required to safely operate our facilities.

Depreciation increased \$345,338.

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Closure/Post-Closure Maintenance Expenses decreased \$2,110,811 due mainly to an adjustment in the closure and postclosure estimate for Johnson Canyon Landfill. Postclosure maintenance expenses for Crazy Horse Canyon Landfill were \$676,521. Postclosure maintenance expenses for Lewis Road Landfill were \$83,648. Postclosure maintenance expenses for Jolon Road Landfill were \$166,393. For the active Johnson Canyon Landfill, Closure and Postclosure Liabilities are expensed as a percentage of capacity used at the landfill. A five year permit review was approved during FY 2020-21 adjusting both the closure and post-closure estimates for the site. Johnson Canyon closure estimates were reduced, resulting in (\$2,287,400) for closure expenses. Estimates for postclosure were increased, resulting in \$1,048,935 in postclosure expenses.

Investment earnings decreased by \$652,464 due to lower returns on the investments.

The \$1,209,230 in non-operating expenses is for interest paid on the Authority's long-term debt.

A Capital Contribution Grant in the amount of \$1.3 million was received by the Authority during FY 2017-18 for the construction of a new composting facility and purchase of equipment needed to run the facility. The grant was completed, and the final \$52,679 was received during FY 2020-21.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the Authority had \$36,156,009 invested in capital assets, primarily in landfills as summarized below. During this fiscal year, the Authority added \$4,610,308 in depreciable assets, disposed of \$75,797 in fully depreciated building assets, and recorded a depreciation expense of \$2,229,099. Additional information on the Authority's capital assets can be found in Note 6.

Salinas Valley Solid Waste Authority
Condensed Statement of Capital Assets
For the years ended June 30, 2021 and 2020

	2021	2020
Land	\$ 188,621	\$ 188,621
Buildings	569,470	378,569
Improvements other than buildings	64,305,856	61,270,019
Equipment	12,071,421	10,763,648
Construction in progress	271,944	233,813
Total Capital Assets	77,407,312	72,834,670
Accumulated Depreciation	(41,251,303)	(39,098,001)
Net Capital Assets	<u>\$ 36,156,009</u>	<u>\$ 33,736,669</u>

Long-Term Debt

At the end of this fiscal year, the Authority had \$25.96 million in long-term debt as shown below. No new debt was incurred during the fiscal year. Principal payments of \$1,770,000 was paid on the debt, and \$158,751 was amortized of \$1.24 million of the original issue bond premium. Additional information on the Authority's long-term debt can be found in Note 8. Standard & Poor's Corporation (S&P) upgraded the revenue bonds a rating to "AA".

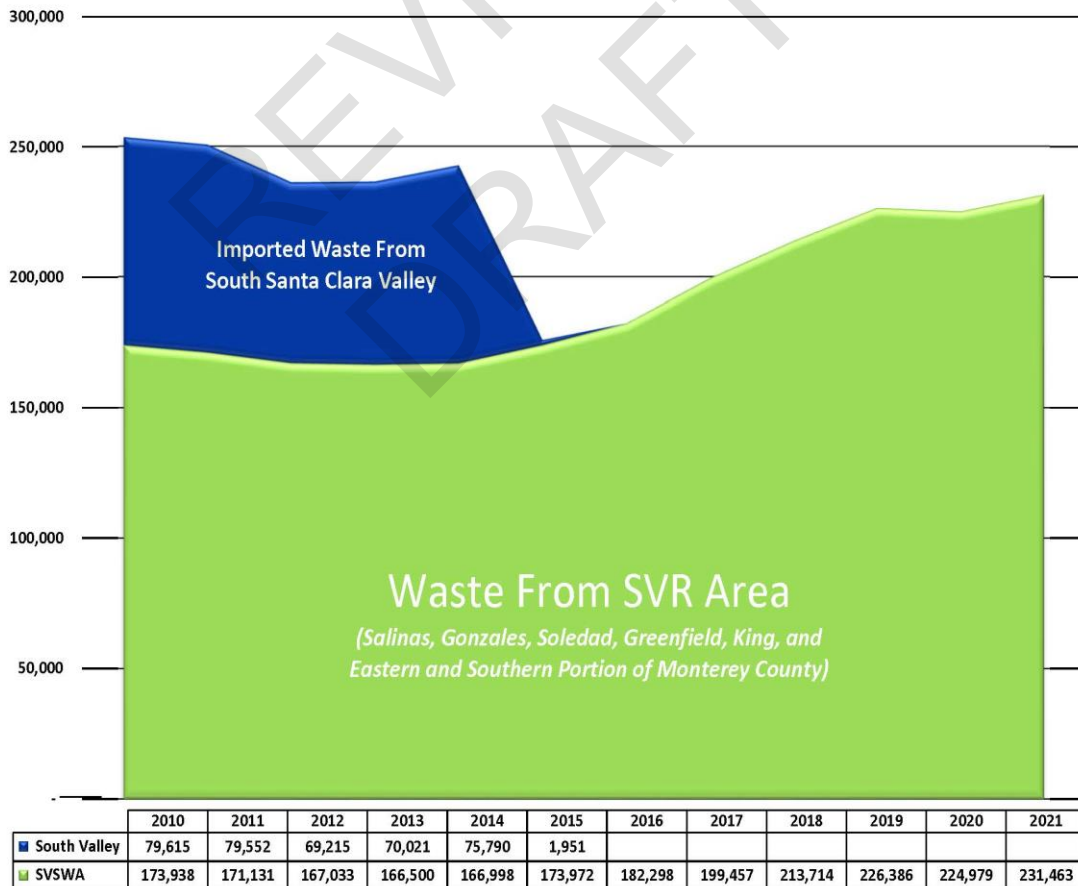
SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Salinas Valley Solid Waste Authority
Condensed Statement of Long-Term Debt
For the years ended June 30, 2021 and 2020

	2021	2020
2014A (AMT) Refunding Revenue Bond	\$ 23,675,000	\$ 25,075,000
2014B (Taxable) Refunding Revenue Bond	1,210,000	1,580,000
2014 Refunding Revenue Bond Premium	1,076,442	1,235,193
Total	<u>\$ 25,961,442</u>	<u>\$ 27,890,193</u>

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The Authority's operations are dependent on the amount of solid waste that is received at the landfills. A recession can have a drastic effect on solid waste tonnage, as is shown from 2006 to 2012 when the Great Recession led to a 25% decrease in landfilled tonnage. Tonnage remained largely unchanged from 2012 to 2014 and began an upward trend in 2015. In 2021 the Authority landfilled 231,463 tons. Management has conservatively budgeted 210,000 tons during 2021-22 with the tipping fee remaining at \$68.50 per ton. The 2021-22 budget is balanced.



SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If there are any questions about this report or need additional financial information, please contact the Authority's Finance Department, at the Salinas Valley Solid Waste Authority, 128 Sun Street, Suite 101, Salinas, California 93901.

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SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021
With Comparative Totals as of June 30, 2020

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 28,334,960	\$ 26,776,985
Restricted Cash and Cash Equivalents	277,698	86,360
Receivables, Net	1,950,221	2,266,009
Accrued Interest Receivable	25,658	109,852
Prepaid Expenses	135,656	130,873
Total Current Assets	<u>30,724,193</u>	<u>29,370,079</u>
Noncurrent Assets		
Restricted Cash and Cash Equivalents	4,900,857	4,847,619
Capital Assets, Net	36,156,009	33,736,669
Net Pension Assets	67,484	-
Total Noncurrent Assets	<u>41,124,350</u>	<u>38,584,288</u>
Total Assets	<u>71,848,543</u>	<u>67,954,367</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pension Liabilities	1,194,954	1,325,590
Deferred Outflows Related to OPEB Liabilities	172,979	179,176
Deferred Loss on Refunding of Bonds	199,308	236,294
Total Deferred Outflows of Resources	<u>1,567,241</u>	<u>1,741,060</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 73,415,784</u></u>	<u><u>\$ 69,695,427</u></u>

The accompanying notes are an integral part of this financial statement

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021
With Comparative Totals as of June 30, 2020
(Continued)

	2021	2020
Liabilities		
Current Liabilities		
Accounts Payable	\$ 876,384	\$ 1,102,596
Wages Payable	330,511	293,319
Accrued Leave	115,646	189,156
Interest Payable	545,027	580,731
Bonds Payable - Current	2,009,373	1,928,751
Unearned Revenues	37,462	26,009
Postclosure Payable - Current Portion	618,096	608,876
Total Current Liabilities	<u>4,532,499</u>	<u>4,729,438</u>
Long Term Liabilities		
Accrued Leave	584,165	556,247
Bonds Payable, Net	23,952,069	25,961,442
Closure Payable	1,839,989	4,127,389
Postclosure Payable, Less Current Portion	16,796,662	15,737,359
Net OPEB Liability	219,959	297,789
Net Pension Liability	-	50,979
Total Long Term Liabilities	<u>43,392,844</u>	<u>46,731,205</u>
Total Liabilities	<u>47,925,343</u>	<u>51,460,643</u>
Deferred Inflows of Resources		
Deferred Inflows related to Pension Liabilities	474,931	606,730
Deferred Inflows related to OPEB Liabilities	101,705	108,610
Total Deferred Inflows of Resources	<u>576,636</u>	<u>715,340</u>
Total Liabilities and Deferred Inflows of Resources	<u>48,501,979</u>	<u>52,175,983</u>
Net Position		
Net Investment in Capital Assets	10,393,875	6,082,771
Restricted for Grants	12,559	41,628
Restricted for Closure Reserve	3,060,868	720,230
Restricted for CALPERS Irrevocable Pension Trust Fund 115	182,919	-
Unrestricted	11,263,584	10,674,815
Total Net Position	<u>24,913,805</u>	<u>17,519,444</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 73,415,784</u>	<u>\$ 69,695,427</u>

The accompanying notes are an integral part of this financial statement

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2021
With Comparative Totals for fiscal year ended June 30, 2020

	2021	2020
Operating Revenues		
Charges for Services	\$ 23,479,213	\$ 22,243,106
Sales of Materials	679,691	574,275
Operating Grants and Contributions	88,061	79,834
Total Operating Revenues	<u>24,246,965</u>	<u>22,897,215</u>
Operating Expenses		
Personnel Services	6,695,563	6,885,626
Contractual Services	2,429,464	3,051,057
Operating Contracts	2,056,705	1,759,573
Supplies	911,215	900,096
Insurance	386,762	81,765
Building Rent	115,101	110,894
Taxes and Permits	590,999	555,550
Utilities	179,013	162,765
Depreciation	2,229,099	1,883,763
Closure/Postclosure Maintenance	(311,904)	1,798,906
Hazardous Waste	209,369	198,142
Other	226,354	183,583
Total Operating Expenses	<u>15,717,740</u>	<u>17,571,720</u>
Operating Income	<u>8,529,225</u>	<u>5,325,495</u>
Non-Operating Revenues (Expenses)		
Investment Earnings	21,687	674,151
Interest Expense	(1,209,230)	(1,294,539)
Net Non-Operating Expenses	<u>(1,187,543)</u>	<u>(620,388)</u>
Income Before Capital Contribution	7,341,682	4,705,107
Capital Contribution	<u>52,679</u>	<u>437,249</u>
Change in Net Position	7,394,361	5,142,356
Total Net Position - Beginning of Year	<u>17,519,444</u>	<u>12,377,088</u>
Total Net Position - End of Year	<u><u>\$ 24,913,805</u></u>	<u><u>\$ 17,519,444</u></u>

The accompanying notes are an integral part of this financial statement

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2021
With Comparative Totals for Fiscal Year Ended June 30, 2020

	2021	2020
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 24,574,206	\$24,080,723
Payments to Suppliers	(8,242,950)	(8,368,800)
Payments to Employees	(6,902,127)	(6,404,497)
Net Cash Provided by Operating Activities	<u>9,429,129</u>	<u>9,307,426</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Grants Proceeds	52,679	437,249
Acquisition and Construction of Capital Assets	(4,648,439)	(4,381,744)
Principal Paid on Capital Debt	(1,770,000)	(1,897,663)
Interest Paid on Capital Debt	(1,366,699)	(1,452,289)
Net Cash Used in Capital and Related Financing Activities	<u>(7,732,459)</u>	<u>(7,294,447)</u>
Cash Flows from Investing Activities:		
Interest Received	253,523	642,537
Increase in FMV of LAIF Investment	(147,642)	101,197
Net Cash Provided by Investing Activities	<u>105,881</u>	<u>743,734</u>
Net Increase in Cash and Cash Equivalents and Restricted Cash	1,802,551	2,756,713
Cash and Cash Equivalents at Beginning of Year	31,710,964	28,954,251
Cash and Cash Equivalents at End of Year	<u>\$ 33,513,515</u>	<u>\$31,710,964</u>
Unrestricted Cash and Investments	\$ 28,334,960	\$26,776,985
Restricted Cash and Investments	<u>5,178,555</u>	<u>4,933,979</u>
	<u>\$ 33,513,515</u>	<u>\$31,710,964</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	<u>\$ 8,529,225</u>	<u>\$ 5,325,495</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	2,229,099	1,883,763
(Increase) Decrease in Receivables	315,788	1,192,922
(Increase) Decrease in Prepaid Expenses	(4,783)	66,617
Increase (Decrease) in Accounts Payable	(226,212)	(619,645)
Increase (Decrease) in Wages Payable	37,192	81,544
Increase (Decrease) in Accrued Leave	(45,592)	199,271
Increase (Decrease) in Unearned Revenue	11,453	(9,414)
Increase (Decrease) in Closure/Postclosure Payable	(1,218,877)	986,559
Increase (Decrease) in OPEB Liabilities and related deferrals	(78,538)	(67,818)
Increase (Decrease) in Pension Liabilities (Assets) and related deferrals	(119,626)	268,132
Total Adjustments to Net Income	<u>899,904</u>	<u>3,981,931</u>
Net Cash Provided by Operating Activities	<u>\$ 9,429,129</u>	<u>\$ 9,307,426</u>
Noncash Investing, Capital and Financing Activities		
Amortization of Bond Premium	<u>\$ 158,751</u>	<u>\$ 166,877</u>

The accompanying notes are an integral part of this financial statement

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

1. **Summary of Significant Accounting Policies:**

Financial Reporting Entity: The Salinas Valley Solid Waste Authority (Authority) is a joint exercise of powers authority, created pursuant to an agreement dated as of January 1, 1997, (the "Authority Agreement") among the County of Monterey and the cities of Salinas, Gonzales, Greenfield, Soledad and King (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 unified and coordinated solid waste management for the member agencies.

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 City Council member each from the cities of Gonzales, Greenfield, King City and Soledad. Pursuant to the Authority Agreement, 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.

Accounting Principles: The accounting policies of the Authority conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountant (AICPA).

Basis of Presentation: The financial activities of the Authority are accounted for in a single enterprise fund that reports the operations of the solid waste system, which is financed primarily by tipping fees. The solid waste system includes landfills, transfer stations, and resource recovery facilities located in Monterey County. Solid waste collection services are provided by local municipalities and private companies.

Basis of Accounting: The Authority's single enterprise fund is accounted for using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when they are incurred.

Measurement Focus: The Authority's single enterprise fund is accounted for on a cost of service or "economic resources" measurement focus. This means that assets and all activities are included on the statement of net position. Operating statements present increases (revenues) and decreases (expenses) in net total assets. The financial statements distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to residents and customers for waste collection and disposal and the revenues from the sale of processed waste materials. Operating expenses include the cost of waste disposal and recycling services, administrative expenses, closure and post closure maintenance, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Budgets: The Authority adopts an annual operating budget as a financial plan for the year, pursuant to the legal requirements of the Authority's bond documents. The budget is adopted by the governing Board as an operating plan and budgetary basis financial statements are not presented because there is no legal requirement to report budgetary basis financial information.

Cash and Cash Equivalents: Cash and cash equivalents consist of petty cash, deposits in non-interest bearing checking accounts, public investment money market accounts, and investments with Local Authority Investment Fund (LAIF) managed by the State of California. Deposits in LAIF are generally available for withdrawal by the Authority on a next day basis and are therefore considered cash equivalents.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

For purposes of determining cash equivalents, the Authority has defined its policy concerning the treatment of short-term investments to include investments with a maturity of three months or less when purchased as cash equivalents if management does not plan to reinvest the proceeds. Short-term investments that management intends to rollover into similar investments are considered part of the investment portfolio and are classified as investments.

Investments: Investments consisted of deposits in open end, money market mutual funds and deposits with the LAIF, an investment pool with restricted withdrawals, which is restricted for debt service. All investments are stated at fair value.

Accounts Receivable: Accounts receivable are composed primarily of monthly billings for tipping fees, services, and contractual amounts receivables. All accounts receivable are uncollateralized.

The Authority sets aside an allowance for uncollectible accounts based on an analysis of those accounts considered to be uncollectible at year-end. Accounts receivable are reported net of the allowance for uncollectible accounts.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Restricted Cash: Restricted cash of the Authority represent funds required to be set-aside for the eventual closure of the landfills under state law and California Public Employees' Retirement System (CalPERS) irrevocable pension trust to hold cash and investments that are legally restricted for use in administering the Authority's pension plan. Restricted resources are used first to fund expenses incurred for restricted purposes.

Capital Assets: Capital assets which include property, plant, equipment, and landfills are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Expenses, which materially extend the useful life of existing assets, are capitalized. Certain costs for professional services and interest associated with the acquisition and construction of capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of capital assets other than landfill cells is computed using the straight-line method, beginning the following fiscal year, over the estimated useful lives of the assets, which are summarized as follows:

Buildings	20-40 years
Other Improvements	4-50 years
Equipment	5-10 years

Landfill cells are depreciated/amortized based on units of consumption. Units-of-consumption depreciation rates are determined annually for our operating landfill at Johnson Canyon. The rates are based on estimates provided by our engineers and accounting personnel and consider the information provided by airspace surveys, which are performed at least annually. Significant changes in estimates could materially increase our landfill depletion rates, which could have a material adverse effect on financial condition and results of operations. In addition, by the time a landfill stops accepting waste that landfill must be fully depreciated. This may lead to larger amounts of depreciation charged at the end of the landfill's life for projects capitalized in those latter years.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Compensated Absences: Authority employees accumulate Paid Time Off (PTO) which is payable to employees upon termination or retirement at the pay rate on that date. The Authority accrues unused PTO, and related taxes and benefits payable within one year on the statement of net position as current liabilities.

Public Employees Retirement System: The Authority offers two retirement plans to its employees. Employees hired before January 1, 2013, are members of the CalPERS Classic Plan and employees hired after January 1, 2013, are members of the California Public Employees' Pension Reform Act Plan (PEPRA Plan).

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expenses, information about the fiduciary net position of the Salinas Valley Solids Waste Authority's CalPERS) plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS finance office. 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. See Note 12 for the CalPERS Classic Plan disclosures.

Post-employment Benefits Other than Pensions: The Authority's net Other Post-Employment Benefits (OPEB) Obligation is recognized as a long-term liability in the Statement of Net Position, the amount is actuarially determined. The Authority offers health benefits to retirees under age 65 as well as their qualified dependents, as required by state law. The Authority joined The California Employer's Retiree Benefit Trust (CERBT) in 2017 to prefund it's OPEB liability. It's initial cash contribution to the plan was \$438,000. For future contributions, the Authority will use the annual required contribution (ARC) of the employer, which is expected to prefund all unfunded liabilities by 2040.

Deferred Outflows and 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 and so will not be recognized as an inflow of resources (revenue) until then.

Pensions - for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CalPERS Public Employees Retirement System (CalPERS) and additions to/deductions from CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

Other Post-Employment Benefits (OPEB) - 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 Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Loss on Refunding - the item that qualifies in this category is the deferred loss on refunding reported in the Statement of Net Position (deferred outflow). Deferred charges, resulting from the carrying value of refunded debt and its reacquisition price, are deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

Net Position: The statement of net position reports all financial and capital resources. Net position represents total assets and deferred outflows of resources less liabilities and deferred inflow of resources. There are three components of net position.

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent, related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There are no net positions restricted by enabling legislation.

Unrestricted - This component of net position consists of net position that do not meet the definition of net investment in capital assets or restricted.

Operating Revenue Recognition: Revenue from tipping fees is recognized when the service is provided for customers using the Authority's facilities. Credit customers are billed monthly and non-credit customers pay at the transfer station, landfill, or resource recovery facility.

Grants: In the normal course of operations, the Authority receives funds from state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

Restricted and Unrestricted Resources: When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

Amortization: Premium, discount and insurance on long-term debt are amortized on the effective interest rate method over the life of the related debt issues.

Landfill Expenses: Landfill expenses include the cost to design and construct landfill cells on property permitted and approved as a landfill site. The design and construction costs for each cell are recorded as capital assets. Landfill expenses also include accruals for landfill closure and post closure care costs based on the landfill capacity used in each year.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Comparative Prior Year Financial Information: Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's prior year financial statements, from which this selected financial data was derived.

New Accounting Pronouncements: The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 84	<i>"Fiduciary Activities"</i>	The provisions of this statement are effective for reporting periods beginning after December 15, 2019. The Authority has implemented this pronouncement for the fiscal year 2020-21.
Statement No. 90	<i>"Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61"</i>	The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. The Authority has implemented this pronouncement for the fiscal year 2020-21.
Statement No. 93	<i>"Replacement of Interbank Offered Rates"</i>	The provisions of this Statement are effective for reporting periods beginning after June 15, 2020.
Future Accounting Pronouncements: GASB Statements listed below will be implemented in future financial statements:		
Statement No. 87	<i>"Leases"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2021.
Statement No. 89	<i>"Accounting for Interest Cost Incurred before the End of a Construction Period"</i>	The provisions of this statement are effective for reporting periods beginning after December 15, 2020.
Statement No. 91	<i>"Conduit Debt Obligations"</i>	The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.
Statement No. 92	<i>"Omnibus 2020"</i>	The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.
Statement No. 94	<i>"Public-Private and Public-Public Partnerships and Availability Payments Arrangements"</i>	The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Statement No. 96	<i>"Subscription-Based Information Technology Arrangements"</i>	The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.
Statement No. 97	<i>"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"</i>	The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

2. Cash and Investments:

Cash and Investments: The bank balance and carrying value of the Authority's cash and investments, including restricted balances, at June 30, 2021 were as follows:

Cash and Cash Equivalents	
Unrestricted Cash	\$ 28,334,960
Restricted Cash	5,178,555
Total Cash and Cash Equivalents	<u>\$ 33,513,515</u>

The Authority's cash and investments at June 30, 2021, were held as follows:

Cash managed by the Authority's Treasurer	\$ 827,423
Investments managed by the Authority's Treasurer	32,686,092
Total Cash and Investments	<u>\$ 33,513,515</u>

The Authority's investment policy conforms to state law (Government Code Sections 53601 through 53659). The investment of bond proceeds is governed by the specific Indenture of Trust. The investment policy is reviewed annually. The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Investment in State Investment Pool (LAIF): The Authority participates in the California Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. 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 is \$193,321,015,759 and 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 Authority'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.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Pension Trust: The District established a trust account with California Public Employees' Retirement System (CalPERS) to hold assets that are legally restricted for use in administering the District's pension plan. The pension trust Funds specific cash and investments are managed by CalPERS under guidelines approved by the District to invest funds in California Employers' Pension Prefunding Trust (CEPPT) Strategy 2. The Guidelines and investment policies are as follows:

Risk tolerance	Capital Appreciation
Risk management	The portfolio is constructed to control risk through five layers of diversification - asset classes (global equity, fixed income, cash equity, global real estate (REIRs), and treasury inflation protect securities (TIPS))
Investment Objective	The primary goal of the capital appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.
Strategic Ranges	14% Global Equity ($\pm 5\%$) 73% Fixed Income ($\pm 5\%$) 8% REITs ($\pm 5\%$) 5% TIPS ($\pm 3\%$) 0% Cash ($\pm 2\%$)

Disclosures Related to Fair Value Measurement: The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

At June 30, 2021, the Authority had no leveled investments. The balance available for withdrawal is based on the accounting records maintained by LAIF and CEPPT, which are recorded on an amortized cost basis. Accordingly, the Authority'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.

Custodial Credit Risk: Custodial credit risk is defined as the risk that the Authority may not recover the securities held by another party in the event of a financial failure. The Authority's investment policy for custodial credit risk requires all investment securities to be held in the Authority's name by a third party safekeeping institution. All deposits with financial institutions are considered fully insured or collateralized pursuant to the custodial credit risk categories of GASB Statement No. 3. According to the investment policy investment of bond proceeds are restricted by the provisions of relevant bond documents.

Credit Risk: The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. Investments of the Salinas Valley Solid Waste Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

individual securities do not exceed the income generated from the remainder of the portfolio. The Authority only invests in those instruments that are considered very safe.

The LAIF managed by the State Treasurer, representing 99.4% of the investment portfolio, is not rated.

Investments held in trust accounts, such as a Section 115 pension trust, are governed by the trust documents. Irrevocable Pension Trust Fund 115 is managed by CalPERS, representing 0.6% of the investment portfolio, is not rated.

Interest Rate Risk: The Salinas Valley Solid Waste Authority uses the State of California's Local Agency Fund as its primary investment vehicle. LAIF spreads investments over various maturities minimizes the risk of portfolio depreciation due to a rise in interest rates. The table below shows the distribution of the Authority's investments by maturity.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The Authority's investment policy addresses the concentration of credit risk by limiting the maximum amount that may be invested in certain investments and in any one issuer, except for investments in LAIF. The investment in LAIF Account, representing 99.4% of the portfolio are not considered a concentrated risk

The Authority was in compliance with these limitations at June 30, 2021. At June 30, 2021, certain individual investments exceeded 5% of the total investment portfolio (including cash and cash equivalents) as follows:

Investment Type	Investment Maturities				% of Total
	Amount	0-6 Mths	6-12 Mths	1-5 years	
State of California Local Agency Investment Fund	\$ 32,503,173	\$ 19,079,363	\$ 5,102,998	\$ 8,320,812	99.4
CALPERS Irrevocable Pension Trust Fund 115	182,919	182,919	-	-	0.6
	<u>\$ 32,686,092</u>	<u>\$ 19,262,282</u>	<u>\$ 5,102,998</u>	<u>\$ 8,320,812</u>	<u>100.0</u>

3. Receivables, Net:

Receivables and the related allowance for doubtful accounts at June 30, 2021, are summarized as follows:

Tipping Fee Accounts Receivable	\$ 1,739,584
Intergovernmental Grants Receivable	52,419
Sales of Recycling Materials	55,968
LFG Gas Royalties	59,090
Franchise Administration	16,862
Employees' Flexible Spending Account	13,941
Vision JC Electricity	14,816
Vision JC Organic Blower Repairs	4,222
WM JR Electricity	1,517
WM Recyclist	500
Total Receivables	1,958,919
Allowance for Doubtful Accounts	(8,698)
Total Receivables, Net	<u>\$ 1,950,221</u>

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4. Loss on Bonds Refunding:

The Authority had a loss on the refunding of the Series 2002 Revenue Bonds, which is a deferred outflow of resources.

Deferred Outflows of Resources balances for the year ended June 30, 2021 were as follows:

	June 30, 2020	Increases	Decreases	June 30, 2021
Loss on Refunding of Bonds:				
2014A (AMT) Refunding Revenue Bonds	\$ 226,450	\$ -	\$ (32,754)	\$ 193,696
2014B (Taxable) Refunding Revenue Bonds	9,844	-	(4,232)	5,612
	<u>\$ 236,294</u>	<u>\$ -</u>	<u>\$ (36,986)</u>	<u>\$ 199,308</u>

The loss is amortized using the effective interest rate method as principal payments are made and is attributed to each of the refunding series of bonds, as follows.

Fiscal Year Ending June 30,	2014A (AMT) Refunding Revenue Bond	2014B (Taxable) Refunding Revenue Bond	Total
2022	\$ 30,826	\$ 3,087	\$ 33,913
2023	28,800	1,888	30,688
2024	26,667	637	27,304
2025	24,124	-	24,124
2026	21,154	-	21,154
2027-2031	58,531	-	58,531
2032	3,594	-	3,594
	<u>\$ 193,696</u>	<u>\$ 5,612</u>	<u>\$ 199,308</u>

5. Restricted Cash:

Cash and investments of \$5,178,555 are recorded as restricted assets at June 30, 2021.

Cash and investments of \$4,900,857 are restricted by the California Integrated Waste Management Board for the closure of Johnson Canyon Landfill.

Cash and investments of \$182,919 are restricted by the CalPERS irrevocable pension trust agreement.

Cash and investments of \$8,296 are restricted by the California Department of Resources Recycling and Recovery for various grants related to recycling programs.

Cash and investments of \$10,643 are restricted by the Flexible Spending Arrangement for employees' pay out-of-pocket health and child care costs.

Cash and investments of \$75,840 are restricted by agreement with the Central Coast Recycling Media Coalition. These funds are to be used for the Tri-County public/private cooperative marketing and advertising projects.

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6. Capital Assets, Net:

The changes in capital assets of the Authority for the year ended June 30, 2021, are summarized as follows:

	June 30, 2020	Increases	Decreases	June 30, 2021
Nondepreciable assets:				
Land	\$ 188,621	\$ -	\$ -	\$ 188,621
Construction in Progress	233,813	59,284	(21,153)	271,944
Total nondepreciable assets	422,434	59,284	(21,153)	460,565
Depreciable Assets:				
Buildings	378,569	266,698	(75,797)	569,470
Other Improvements	61,270,019	3,035,837	-	64,305,856
Machinery and Equipment	10,763,648	1,307,773	-	12,071,421
Total depreciable assets	72,412,236	4,610,308	(75,797)	76,946,747
Less Accumulated Depreciation	(39,098,001)	(2,229,099)	75,797	(41,251,303)
Total Depreciable Assets, Net	33,314,235	2,381,209	-	35,695,444
Total Capital Assets, Net	\$ 33,736,669	\$ 2,440,493	\$ (21,153)	\$ 36,156,009

The accumulated depreciation by major class is summarized as follows:

	June 30, 2020	Increases	Decreases	June 30, 2021
Buildings	\$ (337,015)	\$ (8,962)	\$ 75,797	\$ (270,180)
Other Improvements	(32,906,793)	(1,031,650)	-	(33,938,443)
Machinery and Equipment	(5,854,193)	(1,188,487)	-	(7,042,680)
Total	\$ (39,098,001)	\$ (2,229,099)	\$ 75,797	\$ (41,251,303)

7. Accrued Leave:

Employees are eligible to receive their entire unused paid time off upon separation, or can elect to be paid annually for a maximum of fifteen days of annual leave, depending on years of service. At June 30, 2021, the liability for this accrued leave is \$699,811.

The changes in accrued leave of the Authority for the year ended June 30, 2021, are summarized as follows:

	June 30, 2020	Increases	Decreases	June 30, 2021
Accrued Leave				
Current	\$ 189,156	\$ 45,113	\$ (118,623)	\$ 115,646
Noncurrent	556,247	82,731	(54,813)	584,165
Total	\$ 745,403	\$ 127,844	\$ (173,436)	\$ 699,811

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8. Long Term Liabilities:

The following is a summary of long term liabilities for the year ended June 30, 2021:

	June 30, 2020	Increases	Decreases	June 30, 2021	Due Within One year
Direct Borrowings and Placements:					
2014A (AMT) Refunding					
Revenue Bonds	\$ 25,075,000	\$ -	\$ (1,400,000)	\$ 23,675,000	\$ 1,470,000
2014B (Taxable) Refunding					
Revenue Bonds	1,580,000	-	(370,000)	1,210,000	385,000
2014 Revenue Bonds					
Original Issue Premium	1,235,193	-	(158,751)	1,076,442	154,373
Total Direct Borrowings and Placements	27,890,193	-	(1,928,751)	25,961,442	2,009,373
Closure Payable	4,127,389	-	(2,287,400)	1,839,989	-
Postclosure Payable	16,346,235	1,246,600	(178,077)	17,414,758	618,096
Total Long Term Liabilities	<u>\$ 48,363,817</u>	<u>\$ 1,246,600</u>	<u>\$ (4,394,228)</u>	<u>\$ 45,216,189</u>	<u>\$ 2,627,469</u>

The annual debt service requirements for long term debt are as follows:

Fiscal Year	Direct Borrowings and Placements		
Ending June 30,	Principal	Interest	Total
2022	\$ 1,855,000	\$ 1,278,956	\$ 3,133,956
2023	1,950,000	1,185,730	3,135,730
2024	2,050,000	1,086,791	3,136,791
2025	2,155,000	982,000	3,137,000
2026	2,265,000	865,838	3,130,838
2027-2031	11,935,000	2,395,663	14,330,663
2032	2,675,000	73,562	2,748,562
	<u>\$ 24,885,000</u>	<u>\$ 7,868,540</u>	<u>\$ 32,753,540</u>

On January 28, 2014, the Authority issued Alternative Minimum Taxable bonds (Series 2014A) with a par value of \$27,815,000. These refunding revenue bonds were sold for \$30,069,049. This resulted in an original issue premium of \$2,254,049 meaning the bonds sold at 108.10% of the par value. The purpose of the bond's issuance was to currently refund the refunded Series 2002 revenue bonds. The balance of the Series 2002 bonds refunded was \$33,050,000. The Series 2014A bonds bear an interest rate of between 5% and 5.5% with varying annual principal payments beginning August 1, 2017 and semi-annual interest payments beginning August 1, 2014. The final principal and interest payment is due August 1, 2031.

In order to fully refund the Series 2002 revenue bonds, the Authority made a debt service fund contribution of \$848,859 and a debt service reserve fund contribution of \$2,829,714. Unamortized Series 2002 bond issuance costs were \$252,002 at the date of refunding.

Additionally, on January 28, 2014, the Authority issued Taxable bonds (Series 2014B) with a par value of \$3,575,000. These bonds were sold at par. The purpose of the issuance of these bonds was to refund the Authority's 1997 Installment Purchase Agreement. The balance of the 1997 Installment

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Purchase Agreement refunded was \$3,287,588. The Series 2014B bonds bear an interest rate of between 0.990% and 4.841% with varying annual principal payments beginning August 1, 2014 and semi-annual interest payments beginning August 1, 2014. The final principal and interest payment is due August 1, 2023.

The Bonds are limited obligations of the Authority payable solely from certain pledged Net Revenues of the System, which generally consist of tipping fees, service charges, user charges and income received by the Authority in connection with the operation of the System, less the Maintenance and Operating Costs.

The Series 2014A Bonds maturing after August 1, 2025, are subject to optional redemption by the Authority on or after August 1, 2024, prior to their respective maturity dates. The Series 2014B Bonds are not subject to optional redemption prior to maturity.

The principal of the Bonds and interest accrued become due and payable if punctual payment of principal or interest is not made on any Bond held by the Authority, the Authority files a petition seeking reorganization under federal bankruptcy laws, or if the Authority does not meet the conditions of the Bond for 30 days after being given notice by the trustee. If the Bonds become due and payable, any overdue installments are subject to 12% annual interest.

The annual debt service requirements for the 2014A (AMT) Refunding Revenue Bond are as follows:

2014A (AMT) Refunding Revenue Bond Fiscal Year Ending June 30,	Direct Borrowings and Placements		
	Principal	Interest	Total
2022	\$ 1,470,000	\$ 1,231,375	\$ 2,701,375
2023	1,545,000	1,156,000	2,701,000
2024	1,630,000	1,076,625	2,706,625
2025	2,155,000	982,000	3,137,000
2026	2,265,000	865,838	3,130,838
2027-2031	11,935,000	2,395,663	14,330,663
2032	2,675,000	73,562	2,748,562
	<u>\$23,675,000</u>	<u>\$ 7,781,063</u>	<u>\$31,456,063</u>

The annual debt service requirements for the 2014B (Taxable) Refunding Revenue Bond are as follows:

2014B (Taxable) Refunding Revenue Bond Fiscal Year Ending June 30,	Direct Borrowings and Placements		
	Principal	Interest	Total
2022	\$ 385,000	\$ 47,581	\$ 432,581
2023	405,000	29,730	434,730
2024	420,000	10,166	430,166
	<u>\$ 1,210,000</u>	<u>\$ 87,477</u>	<u>\$ 1,297,477</u>

Closure and Postclosure Payable: The amounts accrued for Closure Payable and Postclosure Payable are mandated by the California Department of Resources, Recycling, and Recovery. This is the estimated liability for closing and maintaining for 30 years after closure the landfills of the Salinas Valley Solid Waste Authority.

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9. Unamortized Bond Premium:

The refunding bonds Series 2014A was sold at a premium of \$2,254,049. The premium is being amortized over the life of the bond issue.

The following is a summary of the 2014 Revenue Bonds unamortized premium at June 30, 2021:

	June 30, 2020	Increases	Decreases	June 30, 2021
Revenue Bonds, Series 2014	\$1,235,193	\$ -	\$ (158,751)	\$1,076,442

Total bonded debt outstanding at June 30, 2021 net of the unamortized bond premium is as follows:

Bonds payable	\$ 24,885,000
Add unamortized bond issue premium	1,076,442
Net bonds payable	<u>\$ 25,961,442</u>

10. Landfill Closure and Postclosure Requirements:

The Salinas Valley Solid Waste Authority operates a solid waste disposal system serving the waste shed of the cities of Salinas, Gonzales, Greenfield, Soledad and King, and the eastern and southern portions of the unincorporated area of Monterey County. The system currently consists of one active landfill (Johnson Canyon), two transfer stations (Sun Street and Jolon Road) and three closed landfills (Lewis Road, Jolon Road and Crazy Horse).

The landfills are regulated by the California Department of Resources, Recycling, and Recovery (CalRecycle) which requires the Authority to set-aside funds annually for landfill closure and to fund postclosure maintenance for at least 30 years after closure. On June 19, 1998, the CalRecycle, approved the Authority's financial assurance mechanisms for closure and postclosure maintenance for the Authority's four landfills. Since then, the CalRecycle and the Authority have agreed to the financial assurance mechanism for corrective action for the Jolon Road, Johnson Canyon, Lewis Road, and Crazy Horse Landfills. The State found that the Enterprise Fund and Pledge of Revenue Agreement met the requirements of Title 27 of the California Code of Regulations and Federal Title 40 regulations. Under the terms of these agreements the Authority is to annually set-aside funds for the closure of the landfills. The postclosure maintenance and corrective action costs will be funded on a pay-as-you go basis when they are actually incurred and are secured by a pledge of revenue.

Closure costs are determined and funded annually based on landfill capacity used. Although postclosure maintenance costs will be paid near or after the date that the landfills stop accepting waste, the Authority reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each Statement of Net Position date.

Postclosure maintenance costs are based on the level of service required to protect the environment during the postclosure period. These include the cost of equipment and facilities, such as leachate collection systems and final cover maintenance. Postclosure care costs extend over a 30 year period of time. For this reason, it is likely there will be unforeseen repair or replacement costs during the postclosure period. Some of these variances are due to changes in technologies, changes in operational conditions and physical changes at the landfills. Estimated current costs of closure and postclosure care are evaluated annually as required by Generally Accepted Accounting Principles (GAAP). The results of the annual evaluation can increase or decrease closure and postclosure costs depending on the various components here described.

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The system estimated capacity at June 30, 2021 is presented as follows:

	<u>Johnson Canyon</u>
Permitted Capacity (cu. yd.)	12,566,162
Cumulative Capacity Used (cu. yd.)	<u>(3,577,072)</u>
Remaining Capacity (cu. yd.)	<u><u>8,989,090</u></u>

System Capacity: As of June 30, 2021, the Authority has 71.53% of its system capacity remaining. System capacity is based on the capacity of the one active landfill, Johnson Canyon. During the fiscal year ended June 30, 2021, the Authority landfilled a total of 231,463 tons of solid waste. As of June 30, 2021 the Authority has 30 years remaining landfill capacity.

Johnson Canyon Landfill: On February 1, 2008, Johnson Canyon was granted a revised permit by the California Integrated Waste Management Board increasing its landfill capacity. The site capacity estimates and closure and postclosure costs were revised as part of the permit process. Johnson Canyon Landfill has capacity to the year 2051 based on remaining capacity and current in-place density per 2021 calculations.

Closed Landfills: Crazy Horse Landfill was closed on May 31, 2009 and received closure certification from CalRecycle in January 2017. Jolon Road Landfill is accepting waste only as a transfer station. The landfill was closed in October 2007. Lewis Road Landfill is a closed landfill. No refuse is being landfilled at any of these sites.

Closure and Postclosure Maintenance Costs: Estimated closure and postclosure maintenance costs and amounts set-aside for closure as of June 30, 2021, are presented as follows:

	<u>Total</u>	<u>Crazy Horse</u>	<u>Johnson Canyon</u>	<u>Lewis Road</u>	<u>Jolon Road</u>
Estimated:					
Closure Cost	\$ 6,463,834	\$ -	\$ 6,463,834	\$ -	\$ -
Postclosure Maintenance Cost	21,664,423	12,385,964	5,940,754	1,782,253	1,555,452
Total Estimated	<u>\$ 28,128,257</u>	<u>\$ 12,385,964</u>	<u>\$ 12,404,588</u>	<u>\$ 1,782,253</u>	<u>\$ 1,555,452</u>
Expense (Income):					
Closure	\$ (2,287,400)	\$ -	\$ (2,287,400)	\$ -	\$ -
Postclosure Maintenance	1,975,496	676,520	1,048,935	83,648	166,393
Total Expense (Income)	<u>\$ (311,904)</u>	<u>\$ 676,520</u>	<u>\$ (1,238,465)</u>	<u>\$ 83,648</u>	<u>\$ 166,393</u>
Outstanding Liability:					
Closure	\$ 1,839,989	\$ -	\$ 1,839,989	\$ -	\$ -
Postclosure Maintenance	17,414,758	12,385,964	1,691,089	1,782,253	1,555,452
Total Liability	<u>\$ 19,254,747</u>	<u>\$ 12,385,964</u>	<u>\$ 3,531,078</u>	<u>\$ 1,782,253</u>	<u>\$ 1,555,452</u>
Assets Set-Aside for Closure-Cash	<u>\$ 4,900,857</u>	<u>\$ -</u>	<u>\$ 4,900,857</u>	<u>\$ -</u>	<u>\$ -</u>
Cash over Closure Liability	<u>\$ 3,060,868</u>	<u>\$ -</u>	<u>\$ 3,060,868</u>	<u>\$ -</u>	<u>\$ -</u>

Crazy Horse Landfill estimated postclosure costs increased \$146,869 as a result of the revised CalRecycle inflation factor of 101.2%. Current year postclosure expenditures were \$529,651.

Johnson Canyon Landfill estimated closure costs decreased \$2,287,400 as a result of a revised estimate for closure/post closure approved by CalRecycle during the fiscal year, a CalRecycle inflation factor of 101.2%, and capacity used in the fiscal year.

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Johnson Canyon Landfill estimated postclosure costs increased \$1,048,935 as a result of a revised estimate for closure/post closure approved by CalRecycle during the fiscal year, a CalRecycle inflation factor of 101.2%, and capacity used in the fiscal year.

Lewis Road Landfill estimated postclosure costs decreased \$96,270 as a result of the revised CalRecycle inflation factor of 101.2% and a reduction in the number of years required for the pledge of revenue. Current year postclosure expenditures were \$179,918.

Jolon Road Landfill estimated postclosure costs increased \$31,010 as a result of a revised estimate for post closure, CalRecycle inflation factor of 101.2% and a reduction in the number of years required for the pledge of revenue. Current year postclosure expenditures were \$197,403.

The postclosure maintenance liability of \$17,414,758 will be funded from future revenues as expenditures take place.

11. Deferred Compensation Plan:

Effective July 1, 2004, the Authority established a deferred compensation plan 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 the 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. All employees are eligible to participate through voluntary salary reduction. The Authority's adopted Plan Document includes the provision for such a 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 Authority's deferred compensation plan is administered by the ICMA Retirement Corporation. The deferred Deferred Compensation plan has a balance of \$1,520,752 as of June 30, 2021. Since these funds are held by the ICMA Retirement Corporation under a trust arrangement for the benefit of the employees, these funds are not reported on the financial statements.

12. Retirement Programs:

A. General Information about the Pension Plan

Plan Description: All qualified employees are eligible to participate in the Authority's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The Authority selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. 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 or beneficiaries. The Authority entered into a contract with CalPERS effective July 1, 2004 to provide 2% at 55 annual retirement benefits for Local Miscellaneous Members. The California Public Employees' Pension Reform Act (PEPRA) was approved in 2012. It provides a 2% at 62 annual retirement benefit for employees hired after January 1, 2013. All CalPERS participant pension benefits vest after five years of service. Once vested, the plan provides an annual pension at retirement using the following calculation. The employee's final eligible compensation, multiplied by the percentage that corresponds to the employee's age at retirement, multiplied by the number of years of service in the system.

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

	Miscellaneous	
	Classic	PEPRA
Hire date	*Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2.0% at 62
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426%-2.418%	1.000% to 2.500%
Required employee contribution rates	7.00%	6.750%
Required employer contribution rates	10.880%	7.590%
Required Payment of Unfunded Liability	\$4,612	\$1,975

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

Contributions: Section 20814(c) of the California Public Employee's Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The CalPERS contract was amended effective July 2, 2018 to include a 1% cost sharing for classic local miscellaneous members. Employees began paying 1% of the required employer contribution rate in addition to the 7% required employee contribution rate.

The Authority's contributions were as follows:

	Fiscal Year Paid
	2020/21
Misc. Classic	\$ 239,462
Misc. PEPRA	151,776
Additional UAL Contributions	90,856
	<u>\$ 482,094</u>

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the Authority reported net pension liabilities (assets) for its proportionate share of the net pension liability (assets) as follows:

	Fiscal Year Ended
	June 30, 2021
Authority's Miscellaneous Plan	\$ (67,484)
Total Net Pension Liability (Assets)	<u>\$ (67,484)</u>

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The Authority adopted and funded a Section 115 pension trust in fiscal year 2020-21 to help mitigate against the rising cost of pension contributions. At June 30, 2021 the Authority's Section 115 trust is reflected in the restricted cash balance of \$182,919. See Note 2 for further discussion.

The Authority's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 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 standard update procedures. The Authority's proportion of the net pension liability was based on a projections of the Authority's long-term share of contributions to the pension plans relative to the projected contributions for all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability as of June 30, 2021 and 2020 were follow:

	Percentage Share of Risk		Change:
	6/30/2021	6/30/2020	Increase/(Decrease)
Measurement date	6/30/2020	6/30/2019	
Percentage of Plan (PERF C) NPL	-0.00062%	0.00050%	-0.00112%

For the year ended June 30, 2021, the Authority recognized pension expense of \$686,234. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,477
Changes in assumption	481	-
Net differences between projected and actual earnings on plan investments	-	2,005
Change in employer's proportion	28,833	469,449
Differences between the employer's contributions and the employer's proportionate share of contributions	683,546	-
Pension contributions subsequent to measurement date	482,094	-
Total	<u>\$ 1,194,954</u>	<u>\$ 474,931</u>

\$482,094 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will recognized as a reduction of the net pension liability in the year ended June 30, 2022. Recognition of amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	
2022	\$ 145,161
2023	75,244
2024	18,486
2525	(962)
Thereafter	-
Total	<u>\$ 237,929</u>

Actuarial Methods and Assumptions Used to Determine Pension Liability: The total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020.

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Total pension liability was based on the following actuarial assumptions:

Actuarial Cost Method	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 Table*	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies
Post Retirement Benefit Increase	

*The Mortality table used was developed based on CalPERS' specific date. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of the 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.

Changes of Assumptions: There were no changes in the discount rate for the PERF C, which remained at 7.15%.

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 to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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The expected real rates of return by asset class per the CalPERS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2021 were as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10*	Real Return Years 1-10**
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00	1.00	2.62
Inflation assets	-	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

*An expected inflation of 2.00% used for this period

**An expected inflation of 2.92% used for this period

Amortization of Deferred Outflows and Deferred Inflows of Resources: The Net Difference Between Projected and Actual 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 Earning 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 June 30, 2020 measurement date is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of all 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 the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Authority's proportionate share of the net pension liability for each Plan, calculated using the discount rate of 7.15%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate		
	6.15%	7.15%	8.15%
	(1% Decrease)	(Current Rate)	(1% Increase)
Measurement date		June 30, 2020	
Fiscal Year End		June 30, 2021	
Net Pension Liability (Asset)	\$ 1,260,429	\$ (67,484)	\$ (1,164,697)

Pension Plan Fiduciary Net Positions: Detailed information about each plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Subsequent Events: There were no subsequent events that would materially affect the results presented in this disclosure.

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13. Other Post Employment Benefit (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 Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis.

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

For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Plan Description: The Authority joined the Public Employees' Medical & Hospital Care Act (PEMHCA) in 2004. It is an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS). PEMHCA governs health care provided to employees and retirees under health care plans administered by CalPERS. All public agencies providing health care to their active employees through CalPERS PEMHCA plans are also required to offer health care under those plans to their retirees.

OPEB Trust: The Authority joined The California Employers' Retiree Benefit Trust (CERBT) in 2017 to prefund its 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:

<u>Fiscal Year End</u>	<u>June 30, 2021</u>
Plan Type	Agent Multiple Employer
OPEB Trust	Yes
Special Funding Situations	No
Nonemployer Contributing Entities	No

Benefits Provided: PEHMCA provides employees who retire directly from the Authority after five years of service a cash subsidy for monthly medical insurance premiums. Employees with 20 years of service with the Authority that do not retire directly from the Authority can request benefits later. Benefits are also paid to the surviving spouse of retirees who elected CalPERS joint and survivor payment options, as well as spouses of an active employee who died while eligible to retire receiving CalPERS survivor's benefit. The Minimum Employer Contribution amount is prescribed by Government Code Section 22892 of the PEMHCA. It was originally established as a specific dollar value with specified increases from calendar years 2004 through 2008. Starting in calendar year 2009, the calculated adjustments are based upon the medical care component of the Consumer Price Index-Urban (CPI-U). The Authority opted for the unequal method of distribution when it joined in

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2004. Using this method, the Authority pays a percentage of the contribution, with the percentage paid increasing by 5% each year. The minimum amount in 2021 is \$143 per month, of which the Authority pays 85% or \$122. The Authority is scheduled to pay the full minimum amount in 2024.

Employees Covered: As of the June 30, 2020 measurement date, the following current and former employees were covered by the benefit terms under the PEMHCA Plan:

June 30, 2021 Fiscal Year End June 30, 2020 Measurement Date June 30, 2019 Valuation Date	Number of Covered Participants
Inactive Employees Currently Receiving Benefit Payments	4
Inactive Employees Entitled to but not yet Receiving Benefit Payments	3
Actives Employees	56
Total Employees	63

Contributions: In 2017, the Authority joined CERBT to prefund it's OPEB liability. The Authority will use the annual required contribution (ARC) of the employer for the future contributions, which is expected to prefund all unfunded liabilities by 2040. The cash contributions to this fund during the fiscal year ended June 30, 2021, were \$150,000. Authority payments for retired benefits, net investment earnings of the plan, and the estimated implied subsidy was \$22,979 resulting in total payments of \$172,979.

B. OPEB Liabilities, OPEB Expenses, and Deferred Outflows/Inflows of Resources Related to OPEB

As of June 30, 2021, the authority reported net OPEB liability as follows:

Fiscal Year Ended Measurement Date	June 30, 2021 June 30, 2020
Total OPEB Liability (TOL)	\$ 1,036,645
Fiduciary Net Position (FNP)	816,686
Total Net OPEB Liability	\$ 219,959
Funded status (FNP/TOL)	78.8%

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Changes in the OPEB Liability: The changes in the net OPEB liability for the Authority 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)	\$ 919,724	\$ 621,935	\$ 297,789
Service Cost	91,193	-	91,193
Interest	54,801	-	54,801
Changes of Benefit Terms	-	-	-
Actual versus Expected Experience	-	-	-
Changes of Assumptions	-	-	-
Employer Contributions	-	179,176	(179,176)
Employee Contributions	-	-	-
Net Investment Income	-	45,120	(45,120)
Benefit Payments	(29,073)	(29,073)	-
Administrative Expenses	-	(472)	472
Net Changes	116,921	194,751	(77,830)
Balance at June 30, 2021 (Measure Date June 30, 2020)	\$ 1,036,645	\$ 816,686	\$ 219,959

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the fiscal year ended June 30, 2021, the Authority recognized OPEB expense of \$94,441. As of the fiscal year ended June 30, 2021, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Differences Between Projected and Actual Earnings on Plan Investments	\$ -	\$ 92,978
Differences Between Expected and Actual Experience	-	4,890
Changes of Assumptions	-	3,837
Employer Contributions after Measurement Date	172,979	-
Total	\$ 172,979	\$ 101,705

Deferred outflows of resources in the amount of \$172,979 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.

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

<u>Year Ending June 30,</u>	
2022	\$ (10,899)
2023	(10,897)
2024	(12,869)
2025	(10,989)
2026	(10,191)
Thereafter	<u>(45,860)</u>
Total	<u>\$ (101,705)</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources: To smooth market volatility, gains and losses related to changes in total OPEB liability and fiduciary net position are recognized over five 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 Authority's net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to June 30, 2020 to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Fiscal Year End	June 30, 2021
Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Discount Rate	5.5% at June 30, 2020
Long-Term Expected	5.5% at June 30, 2019
Rate of Return on Assets	Expected Authority contributions to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75% annually
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2019
Salary Increases	Aggregate - 3% annually Merit - CalPERS 1997-2015 Experience Study
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
PEMHCA Minimum Increases	4.25% annually

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Healthcare Participation	<p>Actives & surviving spouses:</p> <p>* Covered - 70%</p> <p>* Waived - 70%</p> <p>Retirees & surviving spouses:</p> <p>* Covered - 100%</p> <p>* Waived < 65-n/a</p> <p>* Waived ≥ 65 - 0%</p>
Changes of assumptions	None
Changes of benefit terms	None

Discount Rate: The discount rate used to measure the total OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that Authority 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:

Measurement Date	June 30, 2020	
CERBT Investment Strategy #3	Target	Expected Real
Asset Class	Asset Allocation	Rate of Return
Global Equity	22%	4.82%
Fixed Income	49%	1.47%
TIPS	16%	1.29%
REITS	8%	3.76%
Commodities	5%	0.84%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		5.50%

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 (5.5%) in measuring the Net OPEB Liability.

	Discount Rate		
	(1% Decrease)	(Current Rate)	(1% Increase)
	4.50%	5.50%	6.50%
Net OPEB Liability	\$ 393,400	\$ 219,959	\$ 79,776

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Medical Trend Sensitivity Analysis: The following presents the net OPEB liability of the Authority if it were calculated using health care 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		
	(1% Decrease)	(Current Trend)	(1% Increase)
Net OPEB Liability	\$ 43,165	\$ 219,959	\$ 448,092

14. Concentrations:

The Authority received 59.23% of its Charges for Services (tipping fees) from two haulers: Republic Services and Waste Management. These two haulers comprised approximately \$1,357,537, (78.04%) of accounts receivable balances at June 30, 2021. A major reduction in revenue from any of the above sources may have a significant effect on the future operations of the Authority.

Under the Waste Delivery Agreements that support the Revenue Bonds and under the Joint Powers Agreement, establishing the Authority, each member agency is required to direct all garbage to Authority facilities. They do this by means of the Franchise Agreements with their respective haulers. Republic Services, serving the City of Salinas, and Waste Management serving Unincorporated Monterey County and the City of King, are required to bring their garbage and yard waste to Authority facilities.

15. Commitments and Contingencies:

Lease Obligation: On October 19, 2006, the Authority entered into a ten year lease commencing January 1, 2007, for office space at 128 Sun Street in Salinas. The lease was extended for three years on February 18, 2016, and an additional two years on June 20, 2019, and an additional two years on May 20, 2021. Effective January 1, 2012, the current monthly lease payments are \$7,194.

The future minimum lease payments through December 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 90,666
2023	95,004
2024	47,502
	<u>\$ 233,172</u>

Risk Management: The Authority is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. Effective July 1, 2020, the Authority purchased worker's compensation insurance through the State Compensation Insurance Fund for its employees.

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The Authority has the following commercial insurance policies:

Coverage	Detail	Limits	Deductible
Environmental Impairment Liability	Per Occurrence	\$ 10,000,000	\$ 25,000
Property Insurance	Aggregate	10,000,000	100,000
Environmental Excess Liability	Per Occurrence	5,000,000	-
Earthquake	Per Occurrence	3,932,102	50,000
General Liability	Per Occurrence	1,000,000	-
	Aggregate	2,000,000	-
Commercial Auto	Per Accident	1,000,000	1,000
Public Officials and Employment Practice Liability	Each Act	1,000,000	10,000
Crime	Each Act	1,000,000	5,000
Cyber	Aggregate	1,000,000	5,000
Workers Compensation	-	1,000,000	-

There have been no significant reductions in any insurance coverage, nor have there been any insurance related settlements that exceeded insurance coverage during the past three fiscal years.

Corrective Action Plan: The California Code of Regulations requires landfill owners and operators to demonstrate the availability of financial resources to conduct corrective action activities for all known or reasonably foreseeable releases of contaminants from the disposal facility affecting water quality.

The Authority has conducted studies to determine the site remediation cost to mitigate those releases. These cost estimates are incorporated into the Final Closure and Postclosure Maintenance Plan for each of the landfills. These amounts have been reviewed and approved by CalRecycle and the Regional Water Quality Control Board.

The estimated cost of capital improvements and operations and maintenance costs to mitigate a potential release of contaminants at the Authority landfills is estimated as follows:

Landfill - Action	Capital Improvement	Operations & Maintenance	Contingency	Total
Johnson Canyon	\$ 456,736	\$ 389,727	\$ -	\$ 846,463
Crazy Horse	3,567,307	8,075,567	-	11,642,874
Jolon Road	-	1,597,082	-	1,597,082
Lewis Road	134,556	247,837	38,382	420,775
Total Corrective Actions	<u>\$ 4,158,599</u>	<u>\$10,310,213</u>	<u>\$ 38,382</u>	<u>\$14,507,194</u>

The capital improvements costs are one-time costs. The maintenance costs are the total estimated cost ranging from 15 years for Lewis Road to 60 years for Johnson Canyon. If there should be a release at one of the landfill sites, the Authority would have to spend up to the amounts shown on capital improvements. If the capital improvements have to be completed, the Authority would be obligated to spend the maintenance amounts shown on the table for maintenance of the improvements.

These amounts have not been recorded as a liability because while some releases are possible, they are not considered probable or if they are considered probable, they are not sufficiently measurable.

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16. Related Parties:

The Authority entered into a MOU with the City of Gonzales for mitigation issues for hosting the landfill, under this agreement, the Authority will pay the City \$20,833 per month commencing on the date of closure of the Crazy Horse landfill until the initial landfill expansion is entirely filled up by disposed solid waste.

Monterey County Environmental Health serves as the Local Enforcement Agency (LEA) for CalRecycle. They are empowered by CalRecycle to implement programs, locally designated activities, and has primary responsibility for ensuring the correct operation and closure of solid waste facilities. The Authority paid Monterey County Environmental Health \$65,542 in LEA permit fees for its facilities and an additional \$118,213 for its share of \$496,060 in Regional Fees, which are allocated by the percent of total annual county-wide tonnage disposed. After deduction of individual facility permit fees, the Regional Fees are used to fund the LEA's Load Checking Response Program, Illegal Dumping Response and Prosecution, Legislative Development, AB 939 Administration, Diversion/Recycling Programs, and other LEA related services. Total payments to Monterey County Environmental Health during FY 20120-21 were \$183,755.

17. Net Position:

Net position represents total assets and deferred outflows of resources less liabilities and deferred inflows of resources. Designations of unrestricted net position represents the Authority Board of Director's intention for the use of resources. The net position amounts at June 30, 2021 were as follows:

Net Investment in Capital Assets	\$ 10,393,875
Restricted:	
Restricted for Grants	12,559
Restricted for Closure Reserve	3,060,868
Restricted for CALPERS Irrevocable Pension Trust Fund 115	182,919
Total Restricted	<u>3,256,346</u>
Unrestricted	
Designated	
Designated for Capital Projects Reserve	4,959,528
Designated for Operations Reserve	2,870,580
Designated for Environmental Impairment Reserve	1,851,463
	<u>9,681,571</u>
Undesignated	1,582,013
Total Unrestricted	<u>11,263,584</u>
Total Net Position	<u><u>\$ 24,913,805</u></u>

18. Bond Rate Covenant:

Pursuant to the Master Indenture of the Revenue Bonds, Series 2014, the Authority has agreed, at all times while any of the Bonds remain outstanding, to set fees and charges and manage operations so as to yield Net Revenues during the fiscal year equal to at least one hundred fifteen percent (115%) of the bond's annual debt service for the fiscal year.

This calculation is based on Net Revenues as described in the Master Indenture. The calculation is based on operating income increased by investment earnings on all funds other than bond project funds and reduced by postclosure expense, depreciation and amortization, all non-cash items. At June 30, 2021, the calculation is 305%.

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Net revenue available for debt service for the year ended June 30, 2021, is determined as follows:

Salinas Valley Solid Waste Authority
Debt Service Coverage Ratio Calculations
Fiscal year ended June 30, 2021

Revenues	
Operating revenues	\$ 24,246,965
Interest not on Project funds	17,913
Revised Revenues	<u>24,264,878</u>
Maintenance and Operations Costs	
GAAP Operating Expenses	15,717,740
Less the following items per Master Indenture	
Postclosure maintenance	(1,975,496)
Closure	2,287,400
Depreciation	(2,229,099)
Add Postclosure liability being paid	
Crazy Horse	529,652
Lewis Road	179,918
Jolon Road	<u>197,403</u>
Revised Maintenance and Operations Expenses per Master Indenture	<u>14,707,518</u>
Net Revenues	<u>\$ 9,557,360</u>
Debt Service on 2014 Bond	<u>\$ 3,136,699</u>
Debt Service Coverage Ratio	305%
Debt Service Coverage Required	115%

19. Subsequent Events:

Management has evaluated subsequent events through November 4, 2021, the date which these financial statements were available to be issued.

At the September 16, 2021, Board Meeting, the Authority's Board approved a lease agreement with Republic Services of Salinas to provide a space for the relocation of the Sun Street Transfer Station's AB939, recycling, and Household Hazardous Waste Operations. A master transportation services agreement with Republic Services of Salinas to provide transfer services for materials destined for processing or disposal at Johnson Canyon Landfill from Madison Lane Transfer Station was also approved. In order to minimize the impact to rate payers due to these agreements, the Authority also agreed to reduce the solid waste tipping fee for FY 2022-23 from \$68.50 to \$64.75. These agreements will facilitate the closure of the Sun Street Transfer Station, while continuing established Authority programs and maintaining most of the current jobs.

The closure of Sun Street resolves the principal item from the City of Salinas's November 20, 2018, notice of intent to withdraw from the Joint Powers Agreement with the Authority. On September 28, 2021, the City of Salinas Council authorized the City Manager to rescind the notice. The City Manager delivered the recission of the notice to the Authority on October 5, 2021. The closure of Sun Street Transfer Station is expected to occur in the spring of 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

Schedule of the Authority's Proportionate Share of the Net Pension Liability
and Related Ratios as of Measurement Date
Cost Sharing Defined Benefit Pension Plan
Last 10 Years^

	Fiscal Year End						
	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Measurement Date	6/30/2020	6/30/2019	6/30/2018	06/30/17	06/30/16	06/30/15	06/30/14
Authority's proportion of the net pension liability	-0.000620%	0.000500%	0.010190%	0.01112%	0.01054%	0.00947%	0.01078%
Authority's proportionate share of the net pension liability	\$ (67,484)	\$50,979	\$981,942	\$1,102,446	\$ 912,076	\$ 50,979	\$670,697
Authority's covered payroll*	\$ 3,949,211	\$ 3,715,429	\$3,546,721	\$3,334,650	\$ 2,992,877	\$2,691,705	\$2,418,312
Authority's proportionate share of the net pension liability as a percentage of covered payroll	-1.71%	1.37%	27.69%	33.06%	30.47%	1.89%	27.73%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.10%	75.26%	72.56%	73.31%	74.06%	78.40%	79.82%

^ Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

* For the year ending on the measurement date.

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REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

Schedule of Statutorily Required Employer Contributions
Pension Plan
Last 10 Years^

Fiscal year ended:	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Actuarially determined contribution	\$ 391,238	\$ 329,307	\$ 342,983	\$ 315,704	\$ 296,695	\$ 220,619	\$ 285,581
Contributions in relation to the							
actuarially determined contribution	482,094	653,073	1,431,107	388,865	358,695	250,906	285,581
Contribution deficiency (excess)	<u>\$ (90,856)</u>	<u>\$ (323,766)</u>	<u>\$(1,088,124)</u>	<u>\$ (73,161)</u>	<u>\$ (62,000)</u>	<u>\$ (30,287)</u>	<u>\$ -</u>
Authority's covered payroll *	\$4,350,173	\$3,949,211	\$ 3,715,429	\$3,546,721	\$3,334,650	\$2,992,877	\$2,691,705
Contributions as a percentage of							
covered payroll	11.08%	16.54%	38.52%	10.96%	10.76%	8.38%	10.61%

^ Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

* For the fiscal year ended on the date shown.

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REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

Schedule of Changes in the Authority's Net OPEB Liability
and Related Ratios as of Measurement Date

Last 10 Years^

Measurement Date	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	\$ 91,193	\$ 98,324	\$ 95,460	\$ 93,000
Interest	54,801	54,628	47,675	41,000
Actual benefits payments	(29,073)	(21,880)	(17,286)	(14,000)
Actual and expected experience difference	-	(112,552)	-	-
Changes in benefits terms	-	-	-	-
Changes in assumption	-	(4,645)	-	-
Net changes in total OPEB liability	116,921	13,875	125,849	120,000
Total OPEB liability - beginning	919,724	905,849	780,000	660,000
Total OPEB liability - ending	<u>\$1,036,645</u>	<u>\$ 919,724</u>	<u>\$ 905,849</u>	<u>\$ 780,000</u>
Changes in plan fiduciary net position				
Expected return	\$ -	\$ -	\$ -	\$ -
Employer contributions	179,176	155,690	455,464	-
Nonemployer contributing entity contributions	-	-	-	-
Employee contributions	-	-	-	-
Net investment income	45,120	41,131	9,405	-
Benefit payments	(29,073)	(21,880)	(17,286)	-
Administrative expenses	(472)	(234)	(355)	-
position	194,751	174,707	447,228	-
Plan fiduciary net position - beginning	621,935	447,228	-	-
Plan fiduciary net position - ending	<u>\$ 816,686</u>	<u>\$ 621,935</u>	<u>\$ 447,228</u>	<u>\$ -</u>
Net OPEB liability				
Total OPEB liability	\$1,036,645	\$ 919,724	\$ 905,849	\$ 780,000
Plan fiduciary net position	816,686	621,935	447,228	-
Net OPEB liability	219,959	297,789	458,621	780,000
Net OPEB liability funded percentage	78.8%	67.6%	49.4%	0.0%
Covered payroll *	\$3,949,211	\$3,715,429	\$3,546,721	\$3,334,650
Net OPEB liability as a percent of covered payroll	5.57%	8.01%	12.93%	23.39%

^ Fiscal year 2018 was the 1st year of implementation, therefore only four years are shown.

* For the year ending on the measurement date.

SALINAS VALLEY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

Schedule of Employer OPEB Contributions
Last 10 Years^

Contributions for the fiscal year ended:	06/30/21	06/30/20	06/30/19	06/30/18
Actuarially determined contribution	\$ 115,026	\$ 137,800	\$ 133,700	\$ 149,000
Contributions in relation to the actuarially determined contribution	172,979	179,176	155,690	455,000
Contribution deficiency (excess)	<u>\$ (57,953)</u>	<u>\$ (41,376)</u>	<u>\$ (21,990)</u>	<u>\$ (306,000)</u>
Authority's covered payroll *	\$ 4,350,173	\$ 3,949,211	\$ 3,715,429	\$ 3,546,721
Contributions as a percentage of covered-employee payroll	3.98%	4.54%	4.19%	12.83%

^ Fiscal year 2018 was the 1st year of implementation, therefore only four years are shown.

* For the fiscal year ended on the date shown.

Significant Actuarial Methods and Assumptions used for Actuarially Determined Contributions:

Valuation Date	June 30, 2019
Actuarially Determined Contribution	2020/21 Fiscal Year
Actuarial Cost Method	Entry Age Normal, Level % of pay
Asset Valuation Method	Investment gains and losses spread over 5-years rolling period
Discount Rate	5.50%
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
Amortization Method	Level % of payroll
Amortization Period	19-year fixed period for the 2020/21
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with scale MP-2019

STATISTICAL SECTION (unaudited)

SALINAS VALLEY SOLID WASTE AUTHORITY

Index to Statistical Section (unaudited)

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the Authority's overall financial health.

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Financial Trends - These schedules contain information to help the reader understand how the Authority's financial performance and well-being have changed over time.

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Revenue Capacity - These schedules contain information to help the reader assess the Authority's most significant local revenue source.

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Debt Capacity - These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.

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Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

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Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

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Operating Capacity Indicators Capital Assets Statistics by Function.....	62

Salinas Valley Solid Waste Authority
Net Position (unaudited)
Last Ten Years
(accrual basis of accounting)

Description	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Net investment in capital assets	\$ (8,493,008)	\$ (8,341,693)	\$ (6,400,056)	\$ (6,007,513)	\$ (4,921,464)	\$ (3,830,703)	\$ (2,956,872)	\$ 1,564,130	\$ 6,082,771	\$ 10,393,875
Restricted	3,438,482	3,419,936	426,877	1,101,582	1,101,436	1,028,150	956,776	858,720	761,858	3,256,346
Unrestricted	(5,024,860)	(5,342,702)	(4,265,137)	(3,200,369)	(220,656)	2,398,199	7,448,904	9,954,238	10,674,815	11,263,584
Total Net Position	<u>\$ (10,079,386)</u>	<u>\$ (10,264,459)</u>	<u>\$ (10,238,316)</u>	<u>\$ (8,106,300)</u>	<u>\$ (4,040,684)</u>	<u>\$ (404,354)</u>	<u>\$ 5,448,808</u>	<u>\$ 12,377,088</u>	<u>\$ 17,519,444</u>	<u>\$ 24,913,805</u>

Note: The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 34 in fiscal year 2003.

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Changes in Net Position (unaudited)
Last Ten Years
(accrual basis of accounting)

Description	6/30/2012	6/30/2013	(As Restated) 6/30/2014	(As Restated) 6/30/2015	(As Restated) 6/30/2016	(As Restated) 6/30/2017	(As Restated) 6/30/2018	6/30/2019	6/30/2020	6/30/2021
Changes in Net Position:										
Operating Revenues	\$ 15,273,792	\$ 15,980,945	\$ 18,263,037	\$ 16,803,429	\$ 18,452,380	\$ 20,914,630	\$ 22,566,955	\$ 22,819,068	\$ 22,897,215	\$ 24,246,965
Operating Expenses	12,554,260	12,837,292	13,245,635	11,139,153	11,672,645	14,432,350	14,079,124	14,579,026	15,687,957	13,488,641
Depreciation and amortization	698,156	1,359,411	1,412,742	1,180,131	1,228,692	1,419,953	1,611,744	1,758,114	1,883,763	2,229,099
Operating income	2,021,376	1,784,242	3,604,660	4,484,145	5,551,043	5,062,327	6,876,087	6,481,928	5,325,495	8,529,225
Non-operating revenues (expenses)										
Investment earnings	52,658	39,180	28,013	36,631	64,248	95,624	303,212	732,658	674,151	21,687
Loss on disposition of capital assets	-	-	-	-	-	-	-	(26,942)	-	-
Interest expense	(2,085,322)	(2,026,114)	(1,724,013)	(1,557,530)	(1,549,675)	(1,521,621)	(1,482,988)	(1,382,565)	(1,294,539)	(1,209,230)
Capital Grant income	-	-	-	-	-	-	-	1,014,415	437,249	52,679
Other revenue(expense), net	168,493	17,619	-	-	-	-	167,367	108,786	-	-
Cost of bond issuance	-	-	(561,881)	-	-	-	-	-	-	-
Total non-operating revenues (expense), net	(1,864,171)	(1,969,315)	(2,257,881)	(1,520,899)	(1,485,427)	(1,425,997)	(1,012,409)	446,352	(183,139)	(1,134,864)
Changes in net position	\$ 157,205	\$ (185,073)	\$ 1,346,779	\$ 2,963,246	\$ 4,065,616	\$ 3,636,330	\$ 5,863,678	\$ 6,928,280	\$ 5,142,356	\$ 7,394,361
Net position by component:										
Net Investment in capital assets	\$ (8,493,008)	\$ (8,341,693)	\$ (6,400,056)	\$ (6,007,513)	\$ (4,921,464)	\$ (3,830,703)	\$ (2,956,872)	\$ 1,564,130	\$ 6,082,771	\$ 10,393,875
Restricted for debt service	2,820,700	2,820,700	-	-	-	-	-	-	-	-
Restricted for grants	112,906	196,309	69,427	61,684	95,345	76,499	72,858	60,456	41,628	12,559
Restricted per lease agreement	-	-	-	242,326	-	-	-	-	-	-
Restricted for pension trust fund	-	-	-	-	-	-	-	-	-	182,919
Restricted for closure reserve	504,876	402,927	357,450	797,572	1,006,091	951,651	883,918	798,264	720,230	3,060,868
Unrestricted	(5,024,860)	(5,342,702)	(4,265,137)	(3,200,369)	(220,656)	2,398,199	7,448,904	9,954,238	10,674,815	11,263,584
Total Net Position	\$ (10,079,386)	\$ (10,264,459)	\$ (10,238,316)	\$ (8,106,300)	\$ (4,040,684)	\$ (404,354)	\$ 5,448,808	\$ 12,377,088	\$ 17,519,444	\$ 24,913,805

Note: The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 34 in fiscal year 2003.

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Operating Revenue by Source (unaudited)
Last Ten Years
(accrual basis of accounting)

Fiscal Year	Charges for Services	Sales of Materials	Operating Grants and Contributions	Total Operating Revenues
06/30/12	\$ 14,654,565	\$ 419,613	\$ 199,614	\$ 15,273,792
06/30/13	15,438,514	392,958	149,473	15,980,945
(As Restated) 6/30/2014	17,552,203	594,054	116,780	18,263,037
(As Restated) 6/30/2015	16,103,054	583,734	116,641	16,803,429
(As Restated) 6/30/2016	17,685,519	618,784	148,077	18,452,380
(As Restated) 6/30/2017	20,201,840	646,673	66,117	20,914,630
(As Restated) 6/30/2018	21,532,600	701,566	332,789	22,566,955
06/30/19	22,094,564	655,378	69,126	22,819,068
06/30/20	22,243,106	574,275	79,834	22,897,215
06/30/21	23,479,213	679,691	88,061	24,246,965

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Operating Expense by Activity (unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Personnel Services	Contractual Services	Operating Contracts	Supplies	Insurance	Building Rent	Taxes and Permits	Utilities	Closure/ Postclosure Maintenance	Hazardous Waste	Other	Total Operating Expenses
6/30/2012	\$ 3,593,200	\$ 1,390,036	\$ 4,804,124	\$ 382,533	\$ 220,868	\$ 99,606	\$ 742,681	\$ 133,416	\$ 897,535	\$ 173,359	\$ 116,902	\$ 12,554,260
6/30/2013	3,763,121	1,454,029	4,783,575	454,034	219,004	104,508	728,267	137,788	712,257	192,176	288,533	12,837,292
(As Restated) 6/30/2014	4,089,204	1,666,686	4,737,350	488,034	238,921	104,658	736,419	138,820	639,510	172,520	233,513	13,245,635
(As Restated) 6/30/2015	4,093,952	1,714,543	3,313,514	687,375	287,724	105,070	610,254	146,427	(267,617)	202,715	245,196	11,139,153
6/30/2016	4,805,714	1,795,961	2,164,435	687,779	318,293	191,594	597,266	141,808	476,570	220,294	272,931	11,672,645
6/30/2017	5,148,507	2,210,991	2,015,999	697,561	178,486	116,045	520,155	131,476	2,944,468	202,372	266,290	14,432,350
(As Restated) 6/30/2018	5,924,325	2,517,115	2,038,226	808,707	128,141	184,777	528,695	130,160	1,234,202	208,637	376,139	14,079,124
6/30/2019	5,970,904	2,966,255	1,804,703	994,240	147,171	110,544	543,388	138,454	1,395,057	182,101	326,209	14,579,026
6/30/2020	6,885,626	3,051,057	1,759,573	900,096	81,765	110,894	555,550	162,765	1,798,906	198,142	183,583	15,687,957
6/30/2021	6,695,563	2,429,464	2,056,705	911,215	386,762	115,101	590,999	179,013	(311,904)	209,369	226,354	13,488,641

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Revenue Base (unaudited)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Solid Waste Landfilled (tons)</u>
6/30/2012	236,248
6/30/2013	236,521
6/30/2014	242,788
6/30/2015	175,923
6/30/2016	182,298
6/30/2017	199,457
6/30/2018	213,714
6/30/2019	226,386
6/30/2020	224,979
6/30/2021	231,463

Data Source: Salinas Valley Solid Waste Authority Finance Division - CalRecycle Worksheet for Johnson Canyon Landfill

Salinas Valley Solid Waste Authority
Revenue Rates (unaudited)
Last Ten Fiscal Years

Tipping Fees	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>
Tipping Fee	\$ 64	\$ 67	\$ 67	\$ 67	\$ 67	\$ 69	\$ 69	\$ 69	\$ 69	\$ 69
Surcharge on Salinas franchise waste	5	8	11	14	17	17	18	18	18	18
AB939 Fee	-	-	12	12	15	11	11	10	12	12

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Principal Customers (unaudited)
Current Fiscal Year and Nine Years Ago

6/30/2021			6/30/2012		
Customer	Tons Processed	Percentage of Total	Customer	Tons Processed	Percentage of Total
Republic Services Madison Lane	74,060	23.29%	Republic Services Of Salinas	78,627	28.18%
Republic Services of Salinas	70,380	22.13%	Recology South Valley	69,215	24.81%
Rural Dispose-All	22,482	7.07%	Waste Management - Madison Lane	50,999	18.28%
Bradley Tanks	11,885	3.74%	Waste Management - Jolon Road	15,546	5.57%
City of Soledad	10,817	3.40%	City of Soledad	10,048	3.60%
King City Disposal	10,049	3.16%	Rural Dispose-All	7,866	2.82%
City of Greenfield	10,030	3.15%	City of Greenfield	7,866	2.82%
Tri-Cities Disposal	8,092	2.54%	City of Gonzales	7,079	2.54%
City of Gonzales	5,001	1.57%	City of Gonzales	3,668	1.31%
Paddock Inc.	4,626	1.45%	Tri-Cities Disposal	2,799	1.00%
All Other Customers	90,560	28.48%	All Other Customers	25,294	9.07%
Total Tons for All Customers	317,982	100.00%	Total Tons for All Customers	279,007	100.00%

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Ratio of Outstanding Debt (unaudited)
Last Ten Fiscal Years

FYE	Revenue Bonds, Series 2002	Installment Purchase Agreement	2014 Series A Bonds Payable	2014 Series A Bonds Premium	2014 Series B Bonds Payable	Eq Lease Payable	Total		
							Total (1)	Per Capita (2)	As a Share of Personal Income
6/30/2012	\$ 34,070,000	\$ 3,405,575	\$ -	\$ -	\$ -	\$ -	\$ 37,475,575	88	0.20%
6/30/2013	33,085,000	3,287,588	-	-	-	-	36,372,588	85	0.19%
(Restated) 6/30/2014	-	-	27,815,000	2,254,049	3,575,000	3,670,000	37,314,049	87	0.19%
(Restated) 6/30/2015	-	-	27,815,000	2,064,718	3,260,000	3,327,721	36,467,439	84	0.17%
6/30/2016	-	-	27,815,000	1,895,470	2,940,000	2,462,960	35,113,430	81	0.18%
6/30/2017	-	-	27,815,000	1,734,012	2,615,000	1,735,668	33,899,680	77	0.14%
6/30/2018	-	-	27,670,000	1,564,986	2,280,000	985,802	32,500,788	75	0.13%
6/30/2019	-	-	26,405,000	1,398,109	1,935,000	212,663	29,950,772	69	N/A
6/30/2020	-	-	25,075,000	1,235,193	1,580,000	-	27,890,193	65	N/A
6/30/2021	-	-	23,675,000	1,076,442	1,210,000	-	25,961,442	N/A	N/A

(1) Data Source: Salinas Valley Solid Waste Authority Finance Division

(2) Amount of debt divided by population as provided by U.S. Census Bureau - see Demographic Statistics on page 56

Salinas Valley Solid Waste Authority
Pledged-revenue Coverage (unaudited)
Last Ten Fiscal Years

Description	6/30/2012	6/30/2013	6/30/2014	(As Restated) 6/30/2015	(As Restated) 6/30/2016	(As Restated) 6/30/2017	(As Restated) 6/30/2018	6/30/2019	6/30/2020	6/30/2021
Operating Income	\$ 2,021,376	\$ 1,784,242	\$ 3,604,660	\$ 4,484,145	\$ 5,551,043	\$ 5,062,327	\$ 6,876,087	\$ 6,481,928	\$ 5,325,495	\$ 8,529,225
Investment Earnings	52,658	39,180	28,013	36,631	64,248	95,624	303,212	732,658	674,151	21,687
Closure/Postclosure Expense	897,535	712,257	639,510	(267,617)	476,570	2,944,468	1,234,202	1,395,057	1,798,906	(311,904)
Crazy Horse Postclosure	-	-	-	-	-	-	-	(394,277)	(404,816)	(529,652)
Lewis Rd Postclosure	(135,362)	(103,497)	(97,684)	(115,654)	(76,393)	(188,946)	(175,649)	(174,286)	(194,550)	(179,918)
Jolon Rd Postclosure	(21,935)	(29,946)	(29,657)	(34,437)	(19,870)	(162,615)	(168,022)	(171,518)	(212,981)	(197,403)
Depreciation and Amortization	698,156	1,359,411	1,412,742	1,180,131	1,228,692	1,419,953	1,611,744	1,758,114	1,883,763	2,229,099
Total	<u>\$ 3,512,428</u>	<u>\$ 3,761,647</u>	<u>\$ 5,557,584</u>	<u>\$ 5,283,200</u>	<u>\$ 7,224,290</u>	<u>\$ 9,170,811</u>	<u>\$ 9,681,574</u>	<u>\$ 9,627,676</u>	<u>\$ 8,869,968</u>	<u>\$ 9,561,134</u>
Annual Debt Service	<u>\$ 2,753,092</u>	<u>\$ 2,754,954</u>	<u>\$ 2,879,137</u>	<u>\$ 1,920,876</u>	<u>\$ 1,908,648</u>	<u>\$ 1,907,820</u>	<u>\$ 2,051,271</u>	<u>\$ 3,135,978</u>	<u>\$ 3,134,015</u>	<u>\$ 3,136,699</u>
Coverage Percentage	128%	137%	193%	275%	379%	481%	472%	307%	283%	305%
Required Percentage	115%	115%	115%	115%	115%	115%	115%	115%	115%	115%

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Demographic Statistics (unaudited)
Last Ten Fiscal Years

Monterey County, CA				
Year	Unemployment Rate (1)	Population (2)	Personal Income (000) (3)	Personal Income Per Capita (4)
6/30/2012	10.0%	426,762	18,496,346	43,411
6/30/2013	8.5%	429,123	19,233,171	44,851
6/30/2014	7.1%	431,344	19,889,054	46,109
6/30/2015	6.8%	433,898	21,623,627	49,836
6/30/2016	6.1%	435,232	19,164,943	44,034
6/30/2017	5.5%	437,907	23,819,797	54,395
6/30/2018	4.2%	435,594	24,477,179	56,193
6/30/2019	4.7%	434,061	25,973,189	59,838
6/30/2020	14.4%	430,906	N/A	N/A
6/30/2021	7.3%	N/A	N/A	N/A

Sources:

- (1) California Employment Development Department; Labor Market Info Division
- (2) U.S. Census Bureau
- (3) U.S. Department of Commerce, Bureau of Economic Analysis (in thousands)
- (4) U.S. Department of Commerce, Bureau of Economic Analysis

Salinas Valley Solid Waste Authority
Number of Businesses, Number of Employees, and Third Quarter Payroll by Size Category (Private Industry)
Classified by North American Industry Classification System (NAICS) Codes for Metropolitan Statistical Areas (MSAs) (unaudited)

MSA and Industry	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
SALINAS MSA										
Total										
No. of Businesses	11,228	11,671	10,999	12,160	12,265	12,634	12,681	13,373	13,648	13,735
No. of Employees	152,610	156,491	157,647	168,905	170,541	172,205	173,386	178,592	181,536	164,126
Payroll (in thousands)	\$1,414,398	\$1,454,338	\$604,797	\$1,798,240	\$1,744,449	\$1,848,669	\$1,868,529	\$1,939,943	\$2,030,132	\$1,947,964
Agriculture										
No. of Businesses	529	532	540	546	539	520	530	548	557	561
No. of Employees	58,401	60,673	62,874	66,033	67,029	66,347	67,159	69,481	70,231	67,795
Payroll (in thousands)	\$448,534	\$472,663	\$520,761	\$557,753	\$596,901	\$658,994	\$675,089	\$702,286	\$722,652	\$739,270
Utilities										
No. of Businesses	20	21	21	22	20	20	20	21	23	22
No. of Employees	557	868	872	763	789	784	804	788	803	829
Payroll (in thousands)	\$14,754	\$19,317	\$21,089	\$183,131	\$20,427	\$21,753	\$22,014	\$21,481	\$23,302	\$25,955
Construction and Mining										
No. of Businesses	824	787	825	857	886	914	951	1,042	1,066	1,095
No. of Employees	3,997	4,673	4,823	5,080	5,538	6,067	6,416	6,538	6,888	6,485
Payroll (in thousands)	\$51,117	\$58,685	\$62,188	\$65,513	\$75,409	\$91,161	\$94,666	\$94,772	\$108,057	\$104,888

- (1) Data are confidential if there are fewer than 3 businesses in a category or one employer makes up 80 percent or more of the employment in a category.
- (2) Data are suppressed because confidential data could be extrapolated if these totals were included.
- (3) Data do not include totals for government employment.
- (4) Data is reported at September 30 each year.
- (5) Data for the mining industry is combined with the construction industry beginning in 2008
- (6) Rules instituted by the Federal Bureau of Labor Statistics after September 11, 2001, prohibit state departments of labor or economic security from publicly identifying the names of individual employers.
- (7) 2021 Data is not yet available.

Definitions of Terms and Source Notes

<http://www.labormarketinfo.edd.ca.gov/LMID/Size of Business Data.html>

Salinas Valley Solid Waste Authority
Number of Businesses, Number of Employees, and Third Quarter Payroll by Size Category (Private Industry)
Classified by North American Industry Classification System (NAICS) Codes for Metropolitan Statistical Areas (MSAs) (unaudited)

MSA and Industry	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Manufacturing										
No. of Businesses	244	248	265	267	259	264	271	289	296	276
No. of Employees	5,869	5,287	5,439	5,337	5,685	5,529	5,759	5,538	5,311	4,695
Payroll (in thousands)	\$66,066	\$63,429	\$59,826	\$60,774	\$65,737	\$69,340	\$73,079	\$69,305	\$71,060	\$66,334
Wholesale Trade										
No. of Businesses	377	377	368	411	384	375	366	375	379	376
No. of Employees	5,120	5,480	5,227	4,710	5,459	5,548	5,868	5,923	5,836	5,369
Payroll (in thousands)	\$83,299	\$88,422	\$92,922	\$59,857	\$94,037	\$101,499	\$99,856	\$101,941	\$100,277	\$98,253
SALINAS MSA										
Retail Trade										
No. of Businesses	1,200	1,195	1,175	1,358	1,199	1,212	1,188	1,199	1,193	1,220
No. of Employees	15,530	15,812	16,144	16,969	16,366	16,356	16,241	16,684	16,671	15,346
Payroll (in thousands)	\$122,602	\$120,195	\$120,072	\$114,448	\$128,116	\$134,773	\$134,980	\$141,741	\$147,826	\$148,301
Transportation and Warehousing										
No. of Businesses	227	230	239	240	269	266	283	313	329	335
No. of Employees	2,715	3,085	3,309	2,814	3,907	3,817	3,493	3,352	3,531	2,995
Payroll (in thousands)	\$36,164	\$37,895	\$40,049	\$26,107	\$48,726	\$46,978	\$45,508	\$44,062	\$45,883	\$40,301

- (1) Data are confidential if there are fewer than 3 businesses in a category or one employer makes up 80 percent or more of the employment in a category.
- (2) Data are suppressed because confidential data could be extrapolated if these totals were included.
- (3) Data do not include totals for government employment.
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Classified by North American Industry Classification System (NAICS) Codes for Metropolitan Statistical Areas (MSAs) (unaudited)

MSA and Industry	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Information										
No. of Businesses	99	102	102	119	84	88	87	93	96	94
No. of Employees	1,532	1,525	1,517	2,307	1,325	1,126	1,036	1,028	994	735
Payroll (in thousands)	\$24,061	\$23,229	\$23,947	\$31,249	\$23,019	\$17,431	\$15,534	\$14,268	\$14,254	\$12,894
Finance and Insurance										
No. of Businesses	363	345	333	375	333	354	349	366	363	352
No. of Employees	2,528	2,480	2,235	3,711	2,247	2,354	2,430	2,514	2,442	2,290
Payroll (in thousands)	\$43,452	\$46,190	\$43,238	\$50,791	\$45,027	\$49,584	\$51,645	\$51,634	\$48,911	\$48,964
Real Estate and Rental and Leasing										
No. of Businesses	360	369	380	428	387	382	390	421	426	451
No. of Employees	1,654	1,753	1,639	2,313	1,781	1,803	1,933	2,032	1,960	1,780
Payroll (in thousands)	\$17,044	\$17,891	\$18,071	\$20,400	\$20,113	\$22,487	\$22,408	\$24,369	\$24,675	\$23,178
Services										
No. of Businesses	7,779	6,989	7,469	6,415	7,820	7,879	8,246	8,706	8,920	8,953
No. of Employees	52,321	54,233	54,767	50,917	60,259	60,652	62,247	64,714	66,869	55,807
Payroll (in thousands)	\$499,157	\$502,741	\$505,549	\$395,309	\$567,068	\$609,620	\$633,751	\$674,084	\$723,235	\$639,626

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Salinas Valley Solid Waste Authority
Building Permits - County of Monterey (unaudited)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>New Single Family Residence</u>	<u>Other Residential</u>	<u>Total Residential</u>	<u>Nonresidential</u>	<u>Total All Building Permits</u>
6/30/2012	111	1,711	1,822	355	2,177
6/30/2013	118	1,578	1,696	522	2,218
6/30/2014	119	1,958	2,077	338	2,415
6/30/2015	204	2,340	2,544	452	2,996
6/30/2016	268	2,597	2,865	478	3,343
6/30/2017	892	2,076	2,968	470	3,438
6/30/2018	830	2,196	3,026	513	3,539
6/30/2019	764	1,948	2,712	554	3,266
6/30/2020	244	1,938	2,182	519	2,701
6/30/2021	126	2,130	2,256	169	2,425

Data for 6/30/2014 and subsequent years provided by the Monterey County Department of Building Services

Salinas Valley Solid Waste Authority
Housing Stock - County of Monterey (unaudited)
Last Ten Fiscal Years

<u>Date</u>	<u>Single Family Residential Detached</u>	<u>Single Family Residential Attached</u>	<u>Multiple Two to Four</u>	<u>Multiple Five Plus</u>	<u>Mobile Homes</u>
1/1/2012	87,610	8,902	12,394	23,625	5,675
1/1/2013	87,563	8,903	12,412	23,753	5,677
1/1/2014	87,723	8,910	12,494	24,005	5,685
1/1/2015	87,833	8,910	12,513	24,232	5,689
1/1/2016	88,062	8,911	12,496	24,269	5,697
1/1/2017	88,326	8,888	12,550	24,334	5,723
1/1/2018	88,711	8,899	12,555	24,436	5,729
1/1/2019	89,227	8,904	12,573	24,576	5,727
1/1/2020	89,107	8,933	12,661	24,742	5,727
1/1/2021	89,986	8,952	12,727	24,872	5,728

Source:

CA Dept. of Finance - Report E-5 Population and Housing Estimates for Cities, Counties, and the State

Salinas Valley Solid Waste Authority
Operating and Capacity Indicators (unaudited)
Last Ten Fiscal Years

Fiscal Year	Authority's Employees by Department			
	Finance & Administration	Engineering	Operations	Diversion
6/30/2012	10	1	22	5
6/30/2013	10	1	19	5
6/30/2014	9	1	21	5
6/30/2015	9	1	29	5
6/30/2016	9	1	33	5
6/30/2017	9	1	37	5
6/30/2018	9	2	36	7
6/30/2019	9	2	38	6
6/30/2020	9	3	41	6
6/30/2021	9	4	43	6

Fiscal Year	Other Operating and Capacity Indicators		
	Authority Area (Square Miles)	Landfill Acreage	Daily Landfill Capacity (tons)
6/30/2012	3,280.600	943	1,574
6/30/2013	3,280.600	943	1,574
6/30/2014	3,280.600	943	1,574
6/30/2015	3,280.600	943	1,574
6/30/2016	3,280.600	943	1,574
6/30/2017	3,280.600	943	1,574
6/30/2018	3,280.600	943	1,574
6/30/2019	3,280.600	943	1,574
6/30/2020	3,280.600	943	1,574
6/30/2021	3,280.600	943	1,574

Source:

Authority Area -

Other data -

U.S. Census Bureau
From Internal Sources

Salinas Valley Solid Waste Authority
Operating and Capacity Indicators
Capital Assets Statistics by Function (unaudited)
Last Ten Fiscal Years

Function	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Finance & Administration										
Vehicles	1	1	1	2	2	2	2	2	2	2
Computer Equipment	10	10	10	9	9	9	9	9	9	9
Buildings	1	1	1	1	1	1	1	1	1	1
Buildings (square footage)	6,884	6,884	6,884	6,884	6,884	6,884	6,884	6,884	6,884	6,884
Operations										
Vehicles	13	13	14	17	26	26	26	26	27	29
Machinery & Equipment										
Forklifts/Hydraulic Lifts	2	2	2	2	2	2	2	2	3	3
Heavy Equipment	6	6	7	10	13	15	15	15	18	18
Water Truck	1	1	1	3	4	4	4	4	4	4
Bulldozers	-	-	-	2	2	2	2	2	3	3
Computer Equipment	8	8	8	9	9	9	9	9	10	10
Fuel Tanks	1	2	2	2	2	2	2	2	2	2
Buildings	10	10	10	10	10	10	10	10	10	10
Buildings (square footage)	29,110	29,110	29,110	29,110	29,110	29,110	29,110	29,110	29,110	29,110
Landfills	4	4	4	4	4	4	4	4	4	4
Flares	4	4	4	4	4	5	5	5	5	5
Site Security Systems	1	1	1	1	3	4	4	4	4	4
Leachate Systems	3	3	3	3	3	3	3	3	3	3
Gas Monitoring Wells	40	40	40	40	40	40	40	40	40	40
Water Wells	48	48	48	48	48	48	48	48	48	48
Water Tanks	3	3	3	3	3	3	3	3	3	3
Land (acreage)	943	943	943	943	943	943	943	943	943	943
Landfill Gas to Energy-Gas Scrubber	-	-	1	1	1	1	1	1	1	1
Food Waste De-Packaging System	-	-	-	-	-	-	-	1	1	1
Composting System	-	-	-	-	-	-	-	-	1	1
Resource Recovery										
Vehicles	3	3	3	2	3	4	4	4	4	4
Computer Equipment	5	5	5	6	6	6	6	6	6	6

Data Source: Salinas Valley Solid Waste Authority Finance Division



Report to the Executive Committee

Date: November 4, 2021

From: Mandy Brooks, Resource Recovery Manager

Title: Discussion on the Organics Processing and Composting Request for Proposals

ITEM NO. 6

N/A

Finance and Administration
Manager/Controller-Treasurer

N/A

General Manager/CAO

N/A

Authority General Counsel

A PRESENTATION WILL BE GIVEN AT THE MEETING

Attachment

1. Power Point Presentation – Added 11/2/2021



Executive Committee Meeting

November 4, 2021

RFP for Organics Processing & Composting

1

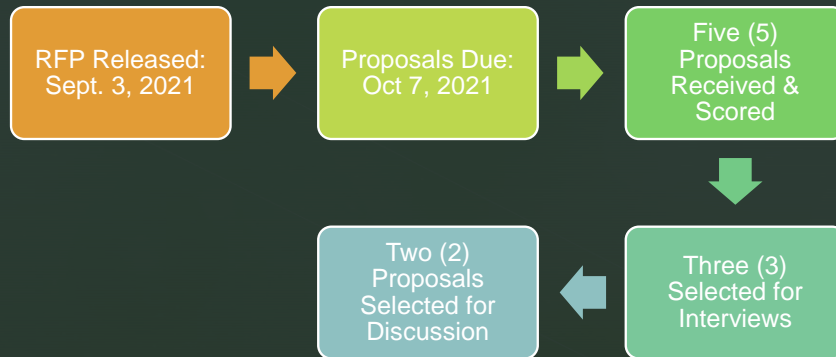
Current Organics Processor/Contractor

- Vision Recycling – 10 years
- Contract Term Ends: June 30, 2022
- Current Costs: Tiered Structure Depending on Tonnage ($\leq 50,000$ tons)
 - Green Waste/Composting: \$32.00/ton
 - Wood Waste: \$26.85/ton



2

RFP: Organics Processing, Composting & Product Marketing Services



3

Proposals Pro's & Con's

Vendor	Public or Private	Years in Bus.	Tech.	Contamination Removal	Operates Facilities in CA	SB 1383 Procurement Pricing	Operates Similar Facility (Risk)	Marketing Exp. (Risk)
Atlas Organics	Private	6 yrs.	Y (Robotics & Artificial Intelligence (AI))	Y – Use AI	N	Y	Y	Y
SVRO	Public	25+ yrs.	N	Y – Hand Sort	Y	Y	Y - Partial	N

4

-Preliminary- Atlas Organics' Cost Proposal Ranges

Capital Investment	\$0	\$1 Million	\$3 Million	\$5 Million
Water	\$ -	\$39.58	\$35.04	\$30.50
No Water	\$44.86	\$43.01	\$38.42	\$33.83

5

-Preliminary- Proposal Cost Comparison

Vendor	Composting Initial Cost/Ton	SVR Capital Contribution	Compost Sales Revenue	Final Cost/Ton
Atlas Organics	\$44.86	\$3 million	None	\$35.04 - \$38.42 (water - no water)
SVRO	\$41.53	\$3.1 million	+\$490,000	\$30.64

6

-Preliminary- SVR Customer Rate Comparison

Vendor	Franchise Organics Cost/Ton	Green Waste & Wood Waste Cost/Ton
<i>Current Rates</i>	<i>\$50.00</i>	<i>\$48.00</i>
Atlas Organics	\$53.75 - \$57.75	\$53.75 - \$57.75
SVRO	\$50.00	\$50.00

SVR Agenda Item - View Ahead 2021-22

ITEM NO. 6 7

	Nov	Dec	Jan	Feb	Mar	Apr
A		<i>Meeting Tentative</i>	Election of Officers			
1	Minutes	Minutes	Minutes	Minutes	Minutes	Minutes
2	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)
3	Member Agencies Activities Report	Reinstate Adopting AB 361	Nov. Claims/Financials (EC)	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report
4	3rd Qtr. Tonnage & Diversion Report	<i>Management and Non-Management MOUs (EC)</i>	Nov/Dec Member Agencies Activities Report	4th Qtr. Tonnage & Diversion Report	Reinstate Adoption of AB 361	March 31 Cash & Investments Report
5	Fund Balance Reserves (EC)	<i>GM Evaluation (EC)</i>	December 31 Cash & Investments Report (EC)	GM Contract Amendment	Public Hearing:	Reinstate Adoption of AB 361
6	Reinstate Adoption of AB 361		Mid-Year Budget Adjustments (EC)	Reinstate Adoption of AB 361	New FY 21-22 Budget (EC)	Earthday/Recycling Recognition
7	Adopting Revised Financial Policies (EC)		Reinstate Adoption of AB 361	FY 21-22 Preliminary Budget (EC)	Adjustment to Operating Budget 2019-20	Update on Sun St. AB 939 Programs Relocation Project (EC)
8	Audit Report Previous FY (EC)		Annual Employee Survey Results (EC)	Update on Sun St. AB 939 Programs Relocation Project (EC)	Update on Sun St. AB 939 Programs Relocation Project (EC)	
9	Community Based Social Marketing Update		FY 21-22 Budget Direction (EC)			
10	2020-2021 SVR Annual Report		Update on Sun St. AB 939 Programs Relocation Project (EC)			
11	New Officers Nominating Committee		<i>Management and Non-Management MOUs (EC)</i>			
12	Award Organics Processing/Marketing Contract (EC)		<i>GM Contract Amendment (EC)</i>			
13	Update on Sun St. AB 939 Programs Relocation Project					
14	<i>Management and Non-Management MOUs (EC)</i>					
15	<i>GM Evaluation (EC)</i>					

Consent

Presentation

Consideration

Closed Session

[Other] (Public Hearing, Recognition, Informational, etc.)

(EC) Executive Committee

(sp) Strategic Plan Item