



Agenda

EXECUTIVE COMMITTEE

THURSDAY, November 2, 2023

5:30 p.m.

Public Participation available via Zoom
Meeting ID No. 895 3129 8778 | Passcode: 521607

Conference Room
126 Sun Street
Salinas, California 93901

CALL TO ORDER

ROLL CALL

President	Anthony Rocha (City of Salinas)
Vice President	Ben Jimenez (City of Soledad)
Alternate Vice President	Glenn Church (County of Monterey)

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 5, 2023 Special Meeting](#)
 - A. Committee Discussion
 - B. Public Comment
 - C. Recommended Committee Action – Approval
2. [September 2023 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. [Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023](#)
 - A. Receive report from Ray Hendricks, Finance and Administration Manager
 - B. Committee Discussion
 - C. Public Comment
 - D. Recommended Committee Action – Provide Input and Forward to the Board
4. [A Resolution Approving the Allocation of Cash Balances for Fiscal Year 2022-23, 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

FUTURE AGENDA ITEMS

5. [Future Agenda Items – View Ahead Calendar](#)

CLOSED SESSION

Receive public comment from audience before entering into closed session:

6. Pursuant to **Government Code Section 54957 (b)** to consider the Performance Evaluation of the General Manager/Chief Administrative Officer R. Patrick Mathews for 2023.

RECONVENE**ADJOURNMENT****Meeting Information**

To observe the meeting, go to our YouTube channel at <https://www.youtube.com/user/svswa831>.

To participate virtually during the meeting and make a general comment or comments on a specific agenda item as an item is being heard, join the meeting through Zoom using the link below. Join with computer audio at:

<https://us02web.zoom.us/j/89531298778?pwd=NlI2YjN0djJ6MVplSjNRL3RLTnRNdz09>. When ready to make a public comment, click the Raise Hand icon.

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

+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: 895 3129 8778#		Passcode: 521607
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. Comments must be received by 2 p.m. on Thursday, November 2, 2023 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 meeting agenda was posted at the Salinas Valley Solid Waste Authority office at 126 Sun Street, Salinas, on **Thursday, October 26, 2023**. The Executive Committee will next meet in regular session on **Thursday, December 7, 2023, at 5:30 p.m.** Staff reports for the Authority Executive Committee meetings are available for review at 126 Sun Street, Salinas, California 93901, Phone 831-775-3000 and at www.salinassvalleyrecycles.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 SPECIAL MEETING
SALINAS VALLEY SOLID WASTE AUTHORITY
EXECUTIVE COMMITTEE
October 5, 2023
126 Sun Street, Salinas, CA 93901**

CALL TO ORDER

President Rocha called the meeting to order at 4:41 p.m.

COMMITTEE MEMBERS PRESENT

City of Salinas	Anthony Rocha, <i>President</i>
City of Soledad	Ben Jimenez, <i>Vice President</i>

ABSENT

County of Monterey	Glenn Church, <i>Alt. Vice President</i>
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STAFF MEMBERS PRESENT

Patrick Mathews, General Manager/CAO
Cesar Zuñiga, Assistant GM / Operations Manager
Mandy Brooks, Resource Recovery Manager
Ray Hendricks, Finance and Administration Manager
Brian Kennedy, Engineering and Compliance Manager
Roy Santos, General Counsel (<i>virtually</i>)
Rosie Ramirez, Administrative Assistant
Erika J. Trujillo, Clerk of the Board

GENERAL MANAGER AND DEPARTMENT MANAGER COMMENTS

(4:41) General Manager/CAO Mathews commented on the set up of the large public meeting space in the administration office. Assistant General Manager/Operations Manager Zuñiga reported on the fire that took place at the Johnson Canyon Landfill over the weekend and the damage caused. Finance and Administration Manager Hendricks reported that the Audit is almost complete, which will allow the fund balance allocation to be presented to the Board for consideration.

COMMITTEE COMMENTS

(4:43) Vice President Jimenez reported on the City of Greenfield's rejection of the proposals received for the solid waste, recyclables, and organic waste collection services.

PUBLIC COMMENT

(4:43) None

CONSIDERATION ITEMS

(4:44)

1. Minutes of September 7, 2023 Meeting

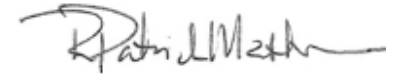
Committee Discussion: None

Public Comment: None

Committee Action: Vice President Jimenez made a motion to approve the minutes. President Rocha seconded the motion. The motion passed unanimously: 2-0.

2. August 2023 Claims and Financial Reports**ITEM NO. 1**

Agenda Item



General Manager/CAO

R. Santos by E.T.

Authority General Counsel

(4:45) Finance and Administration Manager Hendricks provided a detailed report on the Agency's finances. He indicated that revenues are slightly up compared to last year as well as tonnage despite the Sun Street Transfer Station being closed. He reported that expenditure percentages are trending well and are comparable to last year with no areas of concern as of now.

Committee Discussion: None

Public Comment: None

Committee Action: Vice President Jimenez made a motion to forward to the Board recommending approval. President Rocha seconded the motion. The motion passed unanimously: 2-0.

3. A Resolution Approving the Regular Board of Directors and Executive Committee Meetings Calendar for 2023, Changing the Executive Committee Meetings to 4:30 P.M. Thursdays, Two Weeks Before Each Regular Board Meeting

(4:46) General Manager/CAO Mathews provided a brief report on the outcome of the Executive Committee's request at the September meeting to confirm with all members their availability to conduct the regular meetings at 4:30 p.m.

Committee Discussion: The Committee discussed the report.

Public Comment: None

Committee Action: By consensus the Committee directed staff to leave the regular meeting time at the current time of 5:30 p.m.

FUTURE AGENDA ITEMS

4. Future Agenda Items – View Ahead Calendar

(4:52) The Committee discussed the view ahead.

CLOSED SESSION

(4:53) President Rocha invited public comment on closed session items numbered five and six.

5. 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 Roy C. Santos, 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.

6. Pursuant to **Government Code Section 54957 (b)** to consider the Performance Evaluation of the General Manager/Chief Administrative Officer R. Patrick Mathews for 2023

PUBLIC COMMENT

None

ADJOURNED

(4:55) President Rocha adjourned the meeting into Closed Session to discuss items numbered five and six.

Reconvene

(5:15) President Rocha reconvened the meeting to open session. Legal Counsel Santos indicated that there were no reportable actions taken in closed session.

ADJOURNMENT

(5:15) President Rocha adjourned the meeting.

APPROVED: _____
Anthony Rocha, 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

General Counsel

Date: November 02, 2023

From: C. Ray Hendricks, Finance and Administration Manager

Title: September 2023 Claims and Financial Reports

RECOMMENDATIONS

Staff requests that the Executive Committee recommend acceptance of the September 2023 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 30, 2023. 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 2023, operating expenditures exceeded revenues by \$657,131.

Revenues (Consolidated Statement of Revenues and Expenditures)

	September Budget	September Actual	Over/(Under)	
Tipping Fees - Solid Waste	1,150,779	1,277,148	126,369	11.0%
Tipping Fees - Diverted Materials	271,232	295,978	24,746	9.1%
Other Revenues	801,630	1,037,149	235,519	29.4%
Total Revenue	<u>2,223,641</u>	<u>2,610,275</u>	<u>386,634</u>	17.4%

Solid Waste revenues for September were \$126,369 or 11.0% over budgeted amounts. Diverted Material revenues for September were \$24,746 or 9.1% over budgeted amounts. September total revenue was \$386,634 or 17.4% over budgeted amounts.

	Y-T-D Budget	Y-T-D Actual	Over/(Under)	
Tipping Fees - Solid Waste	3,507,396	3,991,952	484,556	13.8%
Tipping Fees - Diverted Materials	833,063	1,041,347	208,284	25.0%
Other Revenues	1,974,860	2,239,984	265,124	13.4%
Total Revenue	<u>6,315,319</u>	<u>7,273,283</u>	<u>957,964</u>	15.2%

Solid Waste revenues year to date as of September were \$484,556 or 13.8% over budgeted amounts. Diverted Material revenues year to date as of September were \$208,284 or 25.0% over budgeted amounts. Year to date total revenue as of September was \$957,964 or 15.2% over budgeted amounts.

Operating Expenditures (Consolidated Statement of Revenues and Expenditures)

As of September 30, 2023 (25% of the fiscal year), year-to-date operating expenditures totaled \$7,813,416. This is 35.3% of the operating budget of \$22,160,000.

Capital Project Expenditures (Consolidated Grant and CIP Expenditures Report)

For the month of September 2023, capital project expenditures totaled \$148,905. \$61,999 was for Equipment Replacement. \$27,113 was for JR Transfer Station Improvements. \$23,959 was for the CH Postclosure Maintenance. \$10,813 was for JC Module Engineering and Construction.

Claims Checks Issued Report

The Authority's Checks Issued Report for the month of September 2023 is attached for review and acceptance. September disbursements totaled \$2,005,888.39, of which \$1,289,892.60 was paid from the payroll checking account for payroll and payroll related benefits.

The following is a list of vendors paid more than \$50,000 during the month of September 2023.

Vendor	Services	Amount
Atlas Organics CU11, LLC.	Monthly Organics Processing	\$161,561.63
Southern Counties Lubricants, LLC.	All Sites Equipment & Vehicle Fuel	\$75,616.71
Con-Wal, Inc.	Automatic Tarping Machine	\$61,999.26

Cash Balances

The Authority's cash position increased by \$507,743.08 during September to \$33,801,872.96. Most of the cash balance is restricted, held in trust, committed, or assigned as shown below. Cash for Capital Improvements and post closure funded from operations is transferred at the beginning of the year. Additionally, cash for debt service payments is transferred in September. While these transfers and payments leave the balance available for operations with a negative balance, profitable operations should improve the balance to a positive amount by the end of the fiscal year.

Restricted by Legal Agreements:

Johnson Canyon Closure Fund	5,089,474.96
Restricted for Pension Liabilities (115 Trust)	392,106.16
State & Federal Grants	211,440.30
BNY - Bond 2022A Payment	-

Funds Held in Trust:

Central Coast Media Recycling Coalition	114,539.41
Employee Unreimbursed Medical Claims	4,009.51

Committed by Board Policy:

AB939 Services	(680,522.14)
Undesignated Fund Balance	1,787,437.16
Designated for Capital Projects Reserve	3,581,124.98
Designated for Environmental Impairment Reserve	2,516,999.45
Designated for Operating Reserve	3,180,000.00
Expansion Fund (South Valley Revenues)	4,871,862.26

Assigned for Post Closure and Capital Improvements

Crazy Horse Post Closure	1,232,631.18
Lewis Road Post Closure	366,511.80
Jolon Road Post Closure	146,675.43
Johnson Canyon Post Closure	2,541,460.35
Capital Improvement Projects	12,705,051.74

Available for Operations: (4,258,929.59)

Total	<u><u>33,801,872.96</u></u>
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ATTACHMENTS

1. September 2023 Consolidated Statement of Revenues and Expenditures
2. September 2023 Consolidated Grant and CIP Expenditures Report
3. September 2023 Checks Issued Report

Salinas Valley Solid Waste Authority

Consolidated Statement of Revenues and Expenditure

For Period Ending September 30, 2023

	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	13,532,700	1,277,148	3,991,952	29.5 %	9,540,748	0	9,540,748
Tipping Fees - Diverted Materials	3,232,600	295,978	1,041,347	32.2 %	2,191,253	0	2,191,253
AB939 Service Fee	4,103,000	341,918	1,025,754	25.0 %	3,077,246	0	3,077,246
Charges for Services	2,668,000	253,411	747,386	28.0 %	1,920,614	0	1,920,614
Sales of Materials	245,000	21,721	36,726	15.0 %	208,274	0	208,274
Gas Royalties	290,000	83,944	83,944	28.9 %	206,056	0	206,056
Investment Earnings	500,000	336,155	346,174	69.2 %	153,826	0	153,826
Total Revenue	24,571,300	2,610,276	7,273,284	29.6 %	17,298,016	0	17,298,016
<u>Expense Summary</u>							
Executive Administration	550,900	64,809	128,412	23.3 %	422,488	3,377	419,110
Administrative Support	510,100	49,148	148,414	29.1 %	361,686	28,000	333,686
Human Resources Administration	284,600	37,410	78,743	27.7 %	205,857	6,905	198,952
Clerk of the Board	222,400	24,168	53,257	23.9 %	169,143	32	169,112
Finance Administration	969,200	108,830	260,771	26.9 %	708,429	5,347	703,082
Operations Administration	749,700	122,818	200,037	26.7 %	549,663	95	549,568
Resource Recovery	1,431,100	209,996	410,077	28.7 %	1,021,023	2,904	1,018,119
Marketing	75,600	0	3,588	4.7 %	72,012	65,000	7,012
Public Education	246,000	44,031	71,310	29.0 %	174,690	76,373	98,316
Household Hazardous Waste	890,100	74,611	150,459	16.9 %	739,641	30,369	709,272
C & D Diversion	387,600	9,236	22,656	5.8 %	364,944	47,819	317,125
Organics Diversion	2,234,900	203,804	470,831	21.1 %	1,764,069	1,456,917	307,152
Diversion Services	40,000	4,730	7,095	17.7 %	32,905	0	32,905
JR Transfer Station	756,200	76,972	197,684	26.1 %	558,516	5,588	552,928
JR Recycling Operations	241,700	28,546	54,286	22.5 %	187,414	0	187,414
ML Transportation Operations	1,891,300	221,587	609,986	32.3 %	1,281,314	78,731	1,202,583

Salinas Valley Solid Waste Authority
Consolidated Statement of Revenues and Expenditure
For Period Ending September 30, 2023

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
ML Recycling Operations	623,000	71,122	178,200	28.6 %	444,800	135,068	309,732
JC Landfill Operations	3,906,200	344,379	1,047,427	26.8 %	2,858,773	631,504	2,227,269
JC Recycling Operations	849,500	94,276	188,465	22.2 %	661,035	74,151	586,884
Johnson Canyon ECS	580,500	23,090	73,890	12.7 %	506,610	131,574	375,036
Sun Street ECS	226,800	11,203	141,915	62.6 %	84,885	0	84,885
Debt Service - Interest	413,200	0	213,214	51.6 %	199,987	0	199,987
Debt Service - Principal	2,700,000	0	2,700,000	100.0 %	0	0	0
Closure/Post Closure Set-Aside	334,400	31,122	97,624	29.2 %	236,776	0	236,776
Cell Construction Set-Aside	1,045,000	97,256	305,074	29.2 %	739,926	0	739,926
Total Expense	22,160,000	1,953,144	7,813,416	35.3 %	14,346,584	2,779,755	11,566,830
Revenue Over/(Under) Expenses	2,411,300	657,131	(540,132)	-22.4 %	2,951,432	(2,779,755)	5,731,187

Salinas Valley Solid Waste Authority

Consolidated CIP Expenditure Report For Period Ending September 30, 2023

	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	1,002,074	23,959	169,038	16.9 %	833,036	119,771	713,266
Total Fund 131 - Crazy Horse Post-Closure	1,401,574	23,959	169,038	12.1 %	1,232,536	119,771	1,112,766
<u>Fund 141 - Lewis Road Post-Closure Fund</u>							
141 9402 LR LFG Well Replacement	80,000	0	0	0.0 %	80,000	0	80,000
141 9403 LR Postclosure Maintenance	369,216	8,757	82,776	22.4 %	286,441	59,701	226,740
Total Fund 141 - Lewis Road Post-Closure F	449,216	8,757	82,776	18.4 %	366,441	59,701	306,740
<u>Fund 161 - Jolon Road Post-Closure Fund</u>							
161 9604 JR Postclosure Maintenance	377,758	2,945	231,083	61.2 %	146,675	6,726	139,949
Total Fund 161 - Jolon Road Post-Closure F	377,758	2,945	231,083	61.2 %	146,675	6,726	139,949
<u>Fund 211 - Grants</u>							
211 9228 Tire Amnesty 2021-22	1,551	0	1,551	100.0 %	0	0	0
211 9230 SB1383 Local Assistance Grant Pr	231,635	0	13,175	5.7 %	218,460	7,675	210,785
211 9261 Cal Recycle - 2021-22 CCPP	4,720	0	650	13.8 %	4,070	0	4,070
211 9262 CalRecycle - Household Hazardous	100,000	0	0	0.0 %	100,000	0	100,000
211 9263 Cal Recycle - 2022-23 CCPP	22,139	325	325	1.5 %	21,814	0	21,814
Total Fund 211 - Grants	360,045	325	15,701	4.4 %	344,344	7,675	336,669
<u>Fund 800 - Capital Improvement Projects Fu</u>							
800 9101 Equipment Replacement	3,040,685	61,999	123,674	4.1 %	2,917,011	0	2,917,011
800 9105 Concrete Grinding	54,614	0	0	0.0 %	54,614	0	54,614
800 9107 Scale House Software Upgrade	68,180	0	0	0.0 %	68,180	2,849	65,331
800 9109 Organics Infrastructure Upgrades	3,000,000	0	0	0.0 %	3,000,000	0	3,000,000
800 9110 Administration Office Improvements	120,000	0	0	0.0 %	120,000	0	120,000
800 9214 Organics Program 2016-17	715,898	0	0	0.0 %	715,898	0	715,898

Salinas Valley Solid Waste Authority

Consolidated CIP Expenditure Report For Period Ending September 30, 2023

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
800 9223 Outdoor Education Center	13,145	7,375	12,194	92.8 %	950	950	0
800 9501 JC LFG System Improvements	422,977	1,847	1,847	0.4 %	421,130	58,248	362,883
800 9505 JC Partial Closure	206,335	1,695	8,856	4.3 %	197,479	0	197,479
800 9506 JC Litter Control Barrier	104,625	0	0	0.0 %	104,625	0	104,625
800 9507 JC Corrective Action	250,070	2,078	2,078	0.8 %	247,992	0	247,992
800 9509 JC Groundwater Well	400,000	0	400,000	100.0 %	0	0	0
800 9527 JC Module Engineering and Constr	3,130,188	10,813	25,736	0.8 %	3,104,452	0	3,104,452
800 9528 Roadway Improvements	500,049	0	0	0.0 %	500,049	0	500,049
800 9601 JR Transfer Station Improvements	782,611	27,113	91,488	11.7 %	691,123	396,857	294,266
800 9603 JR Well Replacement	250,000	0	0	0.0 %	250,000	0	250,000
Total Fund 800 - Capital Improvement Proje	13,059,376	112,919	665,873	5.1 %	12,393,502	458,903	11,934,599
Total CIP Expenditures	15,647,970	148,905	1,164,471	7.4 %	14,483,499	652,776	13,830,724

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
32005	ARAM AND TAVIT KARABETYAN JC Equipment Maintenance Supplies JC Facility Maintenance Supplies	9/6/2023	273.18 151.73	424.91
32006	CANDELARIA CAMACHO JC Training	9/6/2023	25.55	25.55
32007	CLARK PEST CONTROL, INC HHW Exterminator Service	9/6/2023	115.00	115.00
32008	COAST COUNTIES TRUCK & EQUIPMENT CO. ML Vehicle Maintenance	9/6/2023	195.29	195.29
32009	COMPUTERSMITHS LLC DOT Consortium Annual Services	9/6/2023	1,500.00	1,500.00
32010	CON-WAL, INC. JC Automatic Tarping Machine Supplies	9/6/2023	324.26	324.26
32011	CUTTING EDGE SUPPLY JC Equipment Maintenance Supplies	9/6/2023	1,166.93	1,166.93
32012	Elevator Service Co. of Central California Inc. Common Area Maintenance	9/6/2023	190.00	190.00
32013	F.A.S.T. SERVICES Monthly Board Interpreting Services	9/6/2023	200.00	200.00
32014	FANELLI EQUIPMENT REPAIR JC Equipment Maintenance	9/6/2023	2,710.87	2,710.87
32015	FRESNO OXYGEN JC Equipment Maintenance	9/6/2023	95.32	95.32
32016	GOLDEN STATE TRUCK & TRAILER REPAIR JR Vehicle Maintenance ML Vehicle Maintenance	9/6/2023	60.49 2,685.05	2,745.54
32017	GONZALES ACE HARDWARE All Sites Facility Maintenance Supplies	9/6/2023	554.74	554.74
32018	**Void**	9/6/2023	-	-
32019	GRAINGER All Sites Facility Maintenance Supplies	9/6/2023	325.71	325.71
32020	GRANITE ROCK CO/PAVEX JC Facility Maintenance	9/6/2023	362.13	362.13
32021	GREEN RUBBER - KENNEDY AG, LP JC Maintenance Supplies	9/6/2023	436.78	436.78

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
32022	JULIO GIL ML Vehicle Maintenance	9/6/2023	136.56	136.56
32023	KING CITY HARDWARE INC. JR Facility Maintenance	9/6/2023	34.10	34.10
32024	MANUEL PEREA TRUCKING, INC. SS Facility Maintenance	9/6/2023	7,020.00	7,020.00
32025	MISSION LINEN SUPPLY All Sites Uniforms	9/6/2023	687.00	687.00
32026	ODP BUSINESS SOLUTIONS, LLC All Sites Office Supplies	9/6/2023	915.40	915.40
32027	O'REILLY AUTOMOTIVE STORES, INC. JC Vehicle Maintenance Supplies	9/6/2023	396.47	396.47
32028	PACE ANALYTICAL SERVICES, LLC CH Lab Water Analysis	9/6/2023	8,379.00	8,379.00
32029	PITNEY BOWES GLOBAL Adm Postage Machine	9/6/2023	424.29	424.29
32030	PRECISION ALARMS & AUTOMATION SOLUTIONS, INC. HHW Bldg. Alarm Service	9/6/2023	60.00	60.00
32031	QUINN COMPANY JC Equipment Maintenance	9/6/2023	2,366.78	2,366.78
32032	R.D. OFFUTT COMPANY JC Equipment Maintenance	9/6/2023	734.64	734.64
32033	RETURNS R US, INC. HHW Hauling & Disposal	9/6/2023	2,400.00	2,400.00
32034	SAFETEQUIP JC Safety Supplies	9/6/2023	1,302.48	1,302.48
32035	SCS FIELD SERVICES CH Remote Monitoring JC Remote Monitoring LR Remote Monitoring	9/6/2023	350.00 225.00 350.00	925.00
32036	SHARPS SOLUTIONS, LLC HHW Hauling & Disposal	9/6/2023	400.00	400.00
32037	SOLEDAD MISSION CHAMBER OF COMMERCE 2023 Billboard Lease 2023 Chamber Membership	9/6/2023	2,250.00 1,232.50	3,482.50
32038	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	9/6/2023	11,261.74	11,261.74

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
32039	SPECIALTY DISTRIBUTORS INC. JC Equipment Maintenance	9/6/2023	106.59	106.59
32040	STERICYCLE, INC Adm Shredding Services	9/6/2023	116.68	116.68
32041	TELCO BUSINESS SOLUTIONS Adm Monthly Network Support	9/6/2023	274.20	274.20
32042	VALERIO VARELA JR JC Equipment Maintenance ML Vehicle Maintenance	9/6/2023	200.00 3,560.00	3,760.00
32043	VALLEY FABRICATION, INC. JC Facility Maintenance	9/6/2023	454.81	454.81
32044	WESTERN EXTERMINATOR COMPANY JC Exterminator Services	9/6/2023	189.95	189.95
32045	US BANK CORPORATE PAYMENT SYSTEM Container Stop: RR Supplies CHOMP: Admin Safety Supplies US Composting Council: RR Memberships Amazon: JC Facility Maintenance Amazon: EE Recognition Supplies Blackline Safety: JC ECS Supplies CVS: EE Recognition Amazon: JC Facility Maintenance Experian: Credit Reports Experian: Credit Reports Central Gas Salinas: Ops Admin Fuel Interstate Battery: JC Facility Maintenance Pine Canyon Store: JR Safety Supplies Pine Canyon Store: JR Safety Supplies AT&T: Finance Internet Services AT&T: JC Internet Service Microsoft: Admin Network Software Amazon: SS Facility Maintenance Amazon: RR Ed Center Supplies Monterey Superior Court: MLTS Vehicle Maintenance Hyatt Regency: CRRA Conference Hyatt Regency: CRRA Conference Hyatt Regency: CRRA Conference Hyatt Regency: CRRA Conference GFOA: Finance Annual Membership Ace Hardware: Admin Office Supplies Amazon: Admin Office Supplies Solutions Pest & Lawn: JC Facility Maintenance Don Chapin Co.: 126 SS Portable Toilet Amazon: JC Safety Supplies Amazon: JC Supplies C & J Collision: HHW Vehicle Maintenance CRRA: RR Conference Registration Amazon: HHW Safety Supplies Amazon: Admin Safety Supplies	9/12/2023	2,700.00 100.00 475.00 430.98 33.84 272.00 677.50 123.90 99.90 99.90 50.00 169.28 95.84 11.83 203.73 70.00 249.99 201.00 1,205.87 240.80 929.85 884.85 265.07 265.07 275.00 6.31 21.82 727.26 429.33 260.23 39.86 328.53 1,465.00 44.12 71.79	

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
	Smart & Final: BD Meeting Supplies		183.90	
	Amazon: JC Facility Maintenance		338.25	
	Amazon: JC Facility Maintenance		15.07	
	Ace Hardware: Admin Office Supplies		216.21	
	Solutions Pest & Lawn: JR Vector Control		734.01	
	Zoom: Online Meetings		151.16	
				15,164.05
32046	**Void**	9/12/2023	-	-
32047	**Void**	9/12/2023	-	-
32048	**Void**	9/12/2023	-	-
32049	**Void**	9/12/2023	-	-
32050	**Void**	9/12/2023	-	-
32051	ADMANOR, INC CCRMC Monthly Media & Marketing Service	9/13/2023	10,678.00	10,678.00
32052	ATLAS ORGANICS CU11, LLC Organics Processing	9/13/2023	9,037.79	9,037.79
32053	BERNARDINI ENTERPRISES Charge Account Refund	9/13/2023	252.53	252.53
32054	CALIFORNIA PRODUCT STEWARDSHIP COUNCIL CPSC Sponsorship	9/13/2023	2,500.00	2,500.00
32055	CESAR ZUÑIGA JC Facility Maintenance	9/13/2023	852.85	852.85
32056	CON-WAL, INC. Automatic Tarping Machine	9/13/2023	61,675.00	61,675.00
32057	DATAFLOW BUSINESS SYSTEMS INC. Adm Equipment Maintenance	9/13/2023	55.08	55.08
32058	ERIC GARCIA ML & JR Vehicle Maintenance	9/13/2023	1,360.00	1,360.00
32059	GEOLOGIC ASSOCIATES, INC. JC Stormwater Management	9/13/2023	6,282.75	6,282.75
32060	INFINITY STAFFING SERVICES, INC. JC & JR Contract Labor	9/13/2023	3,795.30	3,795.30
32061	Maestro Health FSA Service Fee	9/13/2023	150.00	150.00

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
32062	NEU-SCAPES, INC. Common Area Maintenance	9/13/2023	550.00	550.00
32063	ONE STOP AUTO CARE/V & S AUTO CARE, INC RR Vehicle Maintenance	9/13/2023	81.00	81.00
32064	PENINSULA MESSENGER LLC All Sites Courier Service	9/13/2023	1,098.00	1,098.00
32065	PITNEY BOWES GLOBAL Adm Postage	9/13/2023	755.97	755.97
32066	PRECISION ALARMS & AUTOMATION SOLUTIONS, INC. HHW Bldg. Alarm Service	9/13/2023	269.49	269.49
32067	PRICILLIA RODRIGUEZ JR Hauling Services	9/13/2023	1,973.28	1,973.28
32068	REPUBLIC SERVICES #471 Adm bldg. Monthly Trash	9/13/2023	92.51	92.51
32069	SAN BENITO SUPPLY, CONSTRUCTION, CONCRETE & QUARRY JC Engineering Services JR Improvements	9/13/2023	1,242.08 1,427.72	2,669.80
32070	SAUL CARDENAS-IBARRA Media Creation Contract	9/13/2023	600.00	600.00
32071	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	9/13/2023	26,622.38	26,622.38
32072	Southern Counties Oil Co., a CA Limited Partnership JR Vehicle and Equipment Fuel	9/13/2023	7,139.18	7,139.18
32073	W&W MARKETING GROUP, INC. Adm Logo Wear	9/13/2023	1,721.12	1,721.12
32074	WEST COAST RUBBER RECYCLING, INC JR Tire Diversion	9/13/2023	2,365.00	2,365.00
32075	WHITE CAP, LP JR Tipping Pad Improvements	9/13/2023	6,137.53	6,137.53
32076	ASBURY ENVIRONMENTAL SERVICES HHW Hauling & Disposal	9/21/2023	200.00	200.00
32077	AT&T SERVICES INC HHW Telephone Service	9/21/2023	5.38	5.38
32078	ATLAS ORGANICS CU11, LLC Organics Processing	9/21/2023	152,523.84	152,523.84
32079	BLUE RIDGE SERVICES MONTANA INC JC Surveying Services	9/21/2023	6,105.00	6,105.00

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
32080	BLUE STRIKE ENVIRONMENTAL INC RR Consulting Services	9/21/2023	9,837.46	9,837.46
32081	CALIFORNIA WATER SERVICE JR Replacement Water Meter	9/21/2023	2,400.00	2,400.00
32082	CITY OF GONZALES Monthly Hosting Fees - Oct	9/21/2023	20,833.33	20,833.33
32083	CLARK PEST CONTROL, INC Adm Exterminator Services	9/21/2023	108.00	108.00
32084	COAST COUNTIES TRUCK & EQUIPMENT CO. ML Vehicle Maintenance	9/21/2023	490.02	490.02
32085	COMCAST Adm Internet Service HHW Internet Service	9/21/2023	497.53 85.50	583.03
32086	CSC OF SALINAS/YUMA ML Equipment Maintenance	9/21/2023	558.74	558.74
32087	CUTTING EDGE SUPPLY JC Equipment Maintenance	9/21/2023	1,643.66	1,643.66
32088	EDUARDO ARROYO JC Facility Improvements	9/21/2023	11,095.13	11,095.13
32089	ENRIQUE CARRILLO JR. All Sites Vehicle Maintenance	9/21/2023	2,189.62	2,189.62
32090	FEDEX Adm Overnight Shipments	9/21/2023	4.30	4.30
32091	GEOLOGIC ASSOCIATES, INC. JC Management Plan	9/21/2023	2,078.00	2,078.00
32092	GOLDEN STATE TRUCK & TRAILER REPAIR JC Equipment Maintenance ML Vehicle Maintenance	9/21/2023	36.25 15,332.20	15,368.45
32093	GONZALES ACE HARDWARE JC Equipment Maintenance Supplies	9/21/2023	112.06	112.06
32094	GONZALES TIRE & AUTO SUPPLY JC Equipment Maintenance Supplies	9/21/2023	1,180.63	1,180.63
32095	**Void**	9/21/2023	-	-
32096	GRAINGER LR Facility Maintenance	9/21/2023	611.75	611.75

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
32097	GRANITE ROCK CO/PAVEX Ed Center Supplies JC Facility Maintenance Supplies	9/21/2023	1,231.15 82.49	1,313.64
32098	GREEN RUBBER - KENNEDY AG, LP JC Maintenance Supplies JR Facility Maintenance Supplies	9/21/2023	710.21 322.66	1,032.87
32099	INFINITY STAFFING SERVICES, INC. All Sites Contract Labor	9/21/2023	4,516.31	4,516.31
32100	**Void**	9/21/2023	-	-
32101	Jose Daniel Barrera RR Special Dept. Supplies	9/21/2023	700.00	700.00
32102	Jose Gil Hernandez Jr. JC Vehicle Maintenance	9/21/2023	360.00	360.00
32103	JT HOSE & FITTINGS JC Facility Maintenance	9/21/2023	77.35	77.35
32104	KING CITY HARDWARE INC. JR Facility Maintenance	9/21/2023	47.83	47.83
32105	MANUEL PEREA TRUCKING, INC. ML Facility Maintenance	9/21/2023	3,315.00	3,315.00
32106	MISSION LINEN SUPPLY All Sites Uniforms	9/21/2023	517.82	517.82
32107	MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY Common Area Maintenance SS Monthly Sewer Service	9/21/2023	255.68 35.58	291.26
32108	NEU-SCAPES, INC. Jardin El Sol Maintenance	9/21/2023	200.00	200.00
32109	ODP BUSINESS SOLUTIONS, LLC All Sites Office Supplies	9/21/2023	1,054.82	1,054.82
32110	O'REILLY AUTOMOTIVE STORES, INC. JC Vehicle Maintenance Supplies	9/21/2023	150.17	150.17
32111	PACE ANALYTICAL SERVICES, LLC CH Lab Water Analysis	9/21/2023	3,516.00	3,516.00
32112	PACIFIC CREST ENGINEERING INC JC Engineering Services	9/21/2023	1,730.00	1,730.00
32113	PITNEY BOWES GLOBAL Adm Postage Machine Lease	9/21/2023	35.48	35.48

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
32114	PROBUILD COMPANY LLC JR Improvements	9/21/2023	4,410.31	4,410.31
32115	PURE WATER BOTTLING All Sites Water Service	9/21/2023	404.08	404.08
32116	QUINN COMPANY JC Equipment Maintenance	9/21/2023	1,023.22	1,023.22
32117	ROSSI BROS TIRE & AUTO SERVICE All Sites Vehicle Maintenance	9/21/2023	2,464.61	2,464.61
32118	**Void**	9/21/2023	-	-
32119	Routeware, Inc. Recyclist Subscription	9/21/2023	43,651.68	43,651.68
32120	SAFETEQUIP JC Safety Supplies	9/21/2023	358.88	358.88
32121	SAN BENITO SUPPLY, CONSTRUCTION, CONCRETE & QUARRY JR Improvements	9/21/2023	1,841.84	1,841.84
32122	SCS FIELD SERVICES All Sites Non-Routine Engineering Services All Sites Routine Engineering Services	9/21/2023	409.94 23,090.00	23,499.94
32123	SOCIAL VOCATIONAL SERVICES, INC. JC Litter Abatement	9/21/2023	6,889.94	6,889.94
32124	SOLID WASTE ASSOCIATION OF NORTH AMERICA SWANA Membership - Jason Guillen	9/21/2023	320.00	320.00
32125	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	9/21/2023	6,591.66	6,591.66
32126	TOYOTA MATERIAL HANDLING HHW Equipment Maintenance	9/21/2023	464.34	464.34
32127	VALERIO VARELA JR All Sites Facility Maintenance Supplies	9/21/2023	1,400.00	1,400.00
32128	Vasquez Fabrication, Inc. JC Equipment Maintenance	9/21/2023	1,612.50	1,612.50
32129	VOSTI'S INC JC Equipment Maintenance JC Vehicle Maintenance ML Vehicle Maintenance	9/21/2023	49.54 137.54 51.61	238.69
32130	WHITE CAP, LP JR Improvements	9/21/2023	1,733.91	1,733.91

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
32131	WRIGHT EXPRESS FINANCIAL SERVICES CORPORATION All Sites Fuel	9/21/2023	3,608.80	3,608.80
32132	HOME DEPOT All Sites Facility Maintenance Supplies	9/27/2023	3,432.03	3,432.03
32133	**Void**	9/27/2023	-	-
32134	A & G PUMPING, INC JR & RR Portable Toilets	9/28/2023	965.25	965.25
32135	ADMANOR, INC CCRMC Monthly Media & Marketing Service	9/28/2023	9,374.01	9,374.01
32136	ASBURY ENVIRONMENTAL SERVICES HHW Hauling & Disposal	9/28/2023	100.00	100.00
32137	AT&T SERVICES INC Adm Telephone Service	9/28/2023	440.68	440.68
32138	COMCAST Common Area Maintenance	9/28/2023	123.30	123.30
32139	COMMERCIAL TRUCK COMPANY ML Vehicle Maintenance	9/28/2023	1,609.41	1,609.41
32140	DOUGLAS NOLAN School Assembly Program	9/28/2023	7,000.00	7,000.00
32141	EAST BAY TIRE CO. JC Equipment Maintenance	9/28/2023	1,693.47	1,693.47
32142	ENRIQUE CARRILLO JR. All Sites Vehicle Maintenance	9/28/2023	4,888.84	4,888.84
32143	ERIC GARCIA ML & JR Vehicle Maintenance	9/28/2023	1,445.00	1,445.00
32144	FIRST ALARM All Sites Alarm Services	9/28/2023	1,520.46	1,520.46
32145	FLEETMATICS, USA HOLDINGS, INC. ML Vehicle Maintenance	9/28/2023	540.40	540.40
32146	FRANCHISE TAX BOARD EC Tire FTB Withholding	9/28/2023	1,372.97	1,372.97
32147	FRESNO OXYGEN JC Equipment Maintenance	9/28/2023	232.70	232.70
32148	GONZALES ACE HARDWARE JC Facility Maintenance	9/28/2023	102.15	102.15

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
32149	GREEN RUBBER - KENNEDY AG, LP JC Maintenance Supplies	9/28/2023	808.23	808.23
32150	GUERITO JC Portable Toilet	9/28/2023	1,253.50	1,253.50
32151	HENLEY PACIFIC SF, LLC JC Vehicle Maintenance	9/28/2023	157.45	157.45
32152	INFINITY STAFFING SERVICES, INC. JC Contract Labor	9/28/2023	1,037.09	1,037.09
32153	JT HOSE & FITTINGS JC Equipment Maintenance	9/28/2023	2,157.29	2,157.29
32154	JULIO GIL RR Special Dept Supplies	9/28/2023	365.43	365.43
32155	LANDSCAPE MAINTENANCE OF AMERICA RR Litter Abatement	9/28/2023	325.00	325.00
32156	LIEBERT CASSIDY WHITMORE HR Legal Services	9/28/2023	1,777.00	1,777.00
32157	MICHAEL MANSFIELD JC Safety Supplies	9/28/2023	239.24	239.24
32158	MISSION LINEN SUPPLY All Sites Uniforms	9/28/2023	378.81	378.81
32159	MONICA AMBRIZ Office Supplies	9/28/2023	62.36	62.36
32160	Now Liquidation LLC Office Furniture Pre-owned furniture for Ed Center	9/28/2023	8,362.18 6,251.56	14,613.74
32161	ONE STOP AUTO CARE/V & S AUTO CARE, INC RR Vehicle Maintenance	9/28/2023	183.17	183.17
32162	O'REILLY AUTOMOTIVE STORES, INC. JC Vehicle Maintenance	9/28/2023	316.96	316.96
32163	QUINN COMPANY JC Equipment Maintenance	9/28/2023	239.79	239.79
32164	S. GRONER ASSOCIATES SGA Marketing Contract	9/28/2023	4,676.75	4,676.75
32165	SCALES UNLIMITED JC Scale Maintenance	9/28/2023	865.00	865.00
32166	SOLID WASTE ASSOCIATION OF NORTH AMERICA SWANA Membership - Paul Olivas	9/28/2023	275.00	275.00

Salinas Valley Solid Waste Authority
Checks Issued Report for 9/1/2023 to 9/30/2023

Check #	Name	Check Date	Amount	Check Total
32167	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	9/28/2023	31,140.93	31,140.93
32168	THE DON CHAPIN COMPANY, INC. ML Portable Toilets	9/28/2023	443.85	443.85
32169	TRI-COUNTY FIRE PROTECTION, INC. HHW Safety Supplies	9/28/2023	65.00	65.00
32170	UNITED RENTALS (NORTHWEST), INC CH Equipment Rental	9/28/2023	174.52	174.52
32171	USA TOWING Adm Vehicle Maintenance	9/28/2023	190.00	190.00
32172	VALERIO VARELA JR JC Org Facility Maintenance ML Vehicle Maintenance	9/28/2023	250.00 1,200.00	1,450.00
32173	VALLEY FABRICATION, INC. JC Equipment Maintenance	9/28/2023	1,617.01	1,617.01
32174	VERIZON WIRELESS SERVICES All Sites Monthly Internet Service	9/28/2023	190.05	190.05
32175	WEST COAST RUBBER RECYCLING, INC RR Tire Diversion	9/28/2023	2,365.00	2,365.00
24-00106-DFT	REPUBLIC SERVICES - MADISON LANE TRANSFER STATION 4918 ML Rent	9/29/2023	16,883.54	16,883.54
24-00128-DFT	INTERMEDIA Email Exchange	9/13/2023	417.52	417.52
24-00131-DFT	PACIFIC GAS AND ELECTRIC COMPANY All Sites Electrical Services	9/27/2023	21,013.41	21,013.41
24-00132-DFT	California Department of Tax and Fee Administration Quarterly BOE Landfill Fees	9/26/2023	7,091.30	7,091.30
Total:				<u>715,995.79</u>
Payroll Disbursements				<u>1,289,892.60</u>
Grand Total				<u><u>2,005,888.39</u></u>



Report to the Executive Committee

ITEM NO. 3

Finance and Administration
Manager/Controller-Treasurer

General Manager/CAO

N/A

Authority General Counsel

Date: November 2, 2023

From: C. Ray Hendricks, Finance and Administration Manager

Title: Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023

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 2022-23 fiscal year's operations.

DISCUSSION & ANALYSIS

The Authority's Annual Comprehensive 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, 2023, the Authority adopted the following pronouncement of the Governmental Accounting Standards Board (GASB):

Statement No. 91, "Conduit Debt Obligations"

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payments Arrangements"

Statement No. 96, "Subscription-Based Information Technology Arrangements"

Statement No. 99, "Omnibus 2022"

While these pronouncements are effective for our fiscal year ending June 30, 2023, they all have a negligible effect on our financials.

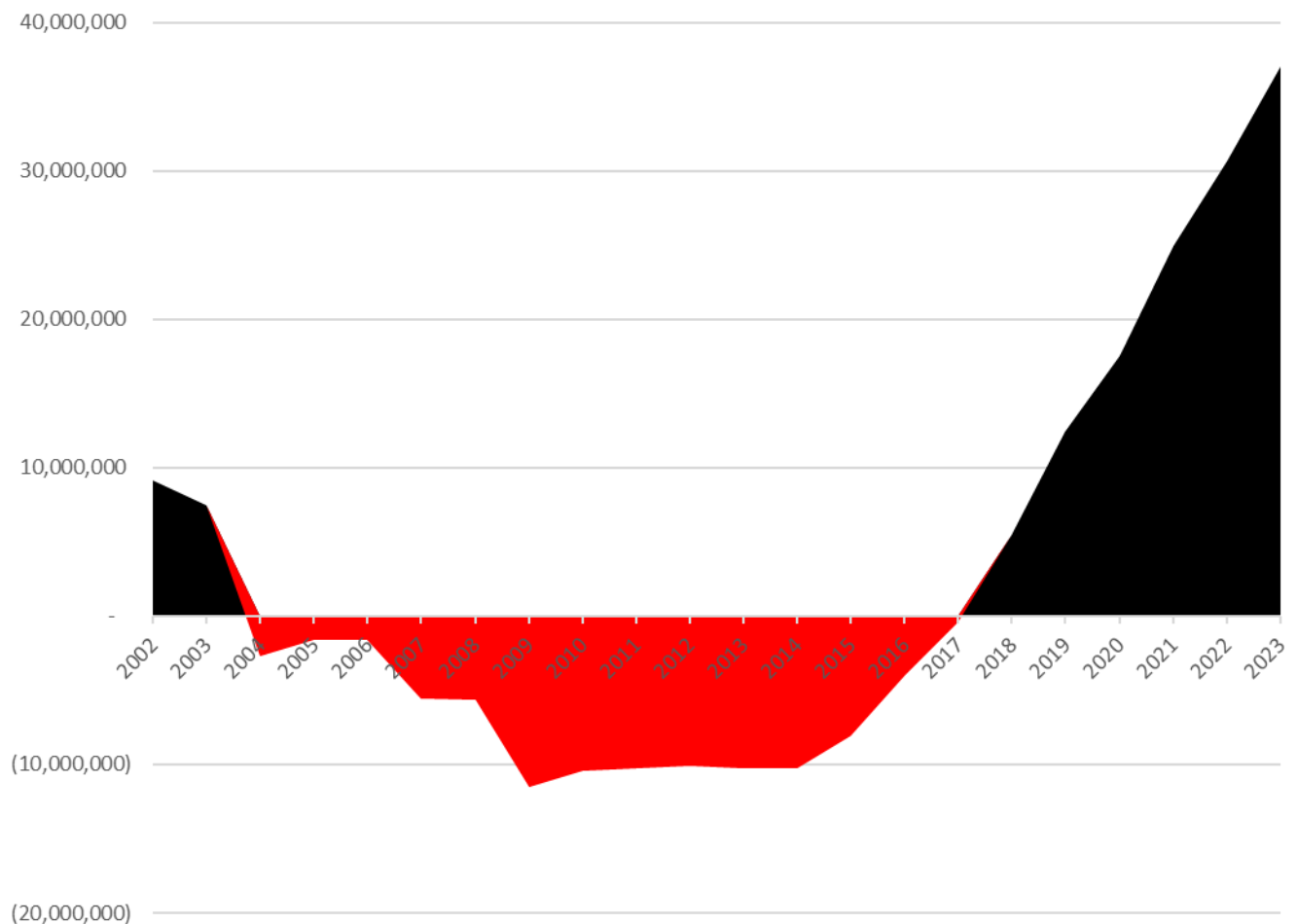
The Annual Comprehensive Financial Report contains information about the Authority's finances in accordance with Governmental Accounting Standards. We highly encourage the Board to read the Management Discussion and Analysis, which provides a summary of

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 \$36,994,831

The Net Position improved to \$36,994,831. This is an improvement of \$6,314,622 from a net position of \$30,680,209 in FY 2021-22.

The chart below shows the Authority's year-ending net position since 2002.



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 \$6,314,622

The Authority's activities increased the net position \$6,314,622 to \$36,994,831. Key elements of this change are as follows:

Operating revenues decreased \$451,577 (-29.7%). The net of contract transportation (a new line of service), and surcharge for transportation resulted in an increase of \$1,062,634 in revenue. AB939 Fees increased by \$172,992. Diversion programs increased \$87,598. Other Charges for services increased \$86,407. Solid Waste Tipping Fees decreased \$1,474,583 due to a combination of the closure of Sun Street Transfer Station and a reduction of solid waste tipping fees. Sales of Materials decreased by \$237,581.

Operating expenses increased by \$753,653 (4.2%) to \$18,808,894. The \$6,051,507 increase in personnel services is due largely to adjustments to pension and post-employment benefits resulting in an increase of \$5,493,588 year over year. Organics processing cost increased \$355,841. The remaining increase of \$185,110 is due to increased costs to maintain our equipment and to safely operate our facilities.

Depreciation decreased \$817,130.

Closure/Post-Closure Maintenance Expenses decreased \$4,996,029 due CPI increases of 7.0% to the liability for all sites, an adjustment in the closure and postclosure estimate for Crazy Horse Landfill, as well as actual expenditures at the closed sites. Postclosure maintenance expenses for Crazy Horse Canyon Landfill were (\$3,324,217) due largely to a reduction in the number of years required by CalRecycle along with a change in post closure estimate. Postclosure maintenance expenses for Lewis Road Landfill were \$371,646. Postclosure maintenance expenses for Jolon Road Landfill were \$291,951. For the active Johnson Canyon Landfill, Closure and Postclosure Liabilities are expensed as a percentage of capacity used at the landfill. The landfill is at 37.3% capacity as of June 30, 2023. Johnson Canyon closure expenses were \$281,802, and post closure expenses were \$229,286.

Investment earnings increased by \$1,004,760 due to increases in treasuries and overall investment.

The \$725,758 in non-operating expenses is for interest paid on the Authority's long-term debt, along with a loss from the disposal of capital assets not fully depreciated.

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)

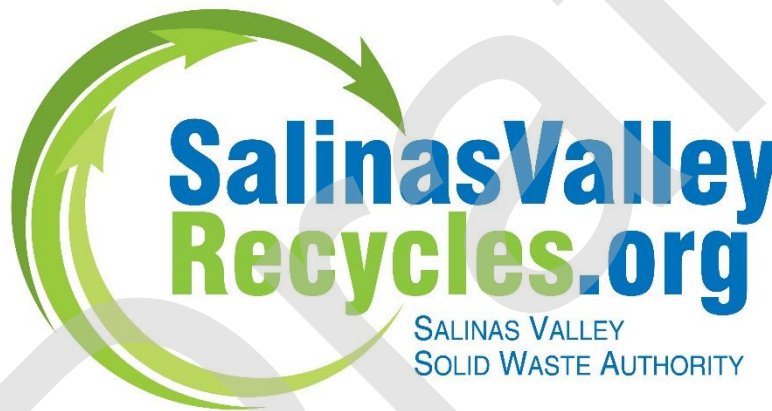
1. Draft Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023
2. Draft Governance letter from McGilloway, Ray, Brown & Kaufman (To be provided at the meeting)
3. Power Point Presentation

SALINAS VALLEY SOLID WASTE AUTHORITY

Monterey County, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023



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

INTRODUCTORY SECTION:

Transmittal Letter	i
GFOA Certificate of Achievement	v
List of Principal Officials	vi
Organizational Chart	vii

FINANCIAL SECTION:

Independent Auditor's Report.....	1
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Management's Discussion and Analysis

(Required Supplementary Information)	4
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Basic Financial Statements

Statement of Net Position.....	9
Statement of Revenues, Expenses and Changes in Net Position.....	11
Statement of Cash Flows	12

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies	14
2. Cash and Investments	19
3. Receivables, net.....	22
4. Loss on Bonds Refunding	22
5. Restricted Cash.....	23
6. Capital Assets, net	23
7. Accrued Leave	24
8. Long Term Liabilities	24
9. Landfill Closure and Postclosure Requirements.....	25
10. Deferred Compensation Plan.....	27
11. Retirement Programs.....	28
12. Other Post Employment Benefit (OPEB).....	32
13. Concentrations	37
14. Commitments and Contingencies	38
15. Leases.....	39
16. Related Parties.....	40
17. Net Position.....	40
18. Bond Rate Covenant.....	40
19. Reclassification	41
20. Subsequent Events	41

Required Supplementary Information

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.....	43
Schedule of Statutorily Required Employer Contributions – Pension Plan.....	44
Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios As of Measurement Date	45
Schedule of Employer OPEB Contributions	46

Statistical Section (unaudited)

Index to Statistical Section	47
Net Position	49
Changes in Net Position	50
Operating Revenue by Source	51
Operating Expenses by Activity	52
Revenue Base	53
Revenue Rates.....	54
Principal Customers	55
Ratio of Outstanding Debt	56
Pledged Revenue Coverage	57
Demographic Statistics.....	58
Major Industries.....	59
Building Permits.....	62
Housing Stock	63
Operating and Capacity Indicators	64
Capital Assets Statistics by Function.....	65

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 XX, 2023

Citizens and Board of Salinas Valley Solid Waste Authority:

We are pleased to submit the Salinas Valley Solid Waste Authority's (Authority) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. 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, 2023, 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, 2023, 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 requires 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 \$5,927,336 and an increase in net position of \$6,314,622 for the fiscal year ended June 30, 2023.

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, 2023, the Authority has accrued post-closure liabilities totaling \$15,064,650 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, 2023, \$5,071,170 has been set aside as required by CalRecycle. Closure liabilities are \$3,026,078 which are fully funded at June 30, 2023.

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, 2023, provides a detailed reconciliation of the Authority's cash, which increased \$3,448,196 from \$32,794,592 to \$36,242,788.

Financial Management

The Authority carefully monitors its charges for services. Tonnage had increased significantly due to increased economic activity and reduced markets for recycled materials. Increases in disposal tonnage had 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. As part of the negotiations for the Madison Lane Transportation Agreement, the Authority agreed to reduce its landfill tipping fees for FY 2022-23 by \$3.75/ton (\$68.50 to \$64.75) in order to minimize the impacts to the rate payers. Effective July 1, 2013 the Board adopted an AB939 Fee, which generated \$3.63 million during the year ended June

30, 2023. This revenue is guaranteed for funding of non-landfill related AB 939 programs regardless of tonnage received. This will reduce the fluctuations in revenue due to changes in tonnage.

CalPERS Pension Liabilities

Since FY 2018-19, the Authority has used cash surpluses to pay off its entire Unfunded Actuarial Liability (UAL) any time there has been one for its retirement plan. The 21.3% returns reported on June 30, 2021 left the account overfunded. However, for the fiscal year ended June 30, 2022, CalPERS reported a preliminary net investment return of -6.1%. The exact impact of those losses will not be known until FY 2023-24, with initial payments due in FY 2024-25. In order to help manage any future UAL, the Authority set up an account through the California Employers' Pension Prefunding Trust Program (CEPPT), a 115 trust. As of June 30, 2023, the Authority has \$392,106 in the trust. These funds, along with an additional \$100,000 in the FY 2023-24 budget will be used to pay down the UAL. In addition to this paydown, the Authority Board updated its financial policies to prioritize using cash surpluses to pay off its entire Unfunded Actuarial Liability (UAL) whenever possible. It is expected that the combination of funds in the CEPPT and surpluses will allow the Authority to pay off the entire UAL in FY 2023-24.

Bond Issue 2022

On February 22, 2022, Salinas Valley Solid Waste Authority issued Taxable bonds (Series 2022A) with a par value of \$25,595,000. The purpose of the bond issuance was to refund both the Alternative Minimum Taxable bonds (Series 2014A), and Taxable bonds (Series 2014B), which were issued to refund Series 2002 revenue bonds, and the Authority's 1997 Installment Purchase Agreement.

The maximum annual debt service is \$3,115,300 including interest at varying rates up to 2.481%. The prefunding allows the Authority to finish paying off the Bonds a year earlier while saving \$1.61 million in total debt service payments. The final interest and principal payment on the bonds is scheduled for August 1, 2030.

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. During FY 2021-22, the Board approved using a portion of these funds to purchase an office building to locate its administration, education, and community service activities. The Board committed to repaying the funds from the future sale of the land where the Sun Street Transfer Station was located. On June 30, 2023, the Expansion Fund had an unrestricted net position of \$4,871,862.

Summary

Benefitting from continued better than expected economic activity, the Authority increased its net position by \$6,314,622 and ended the year with a Net Position of \$36,994,831. As the Authority makes payments to the 2022 Bonds, the Net Position is expected to continue to improve, allowing the Authority to set aside reserves and continue to prefund 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 Consolidated Annual Financial Report for the year ended June 30, 2023. 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 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 McGilloway, Ray, Brown & Kaufman. It is the combined effort of all participants that resulted in the issuance of this document.

Respectfully submitted,



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



Government Finance Officers Association

Certificate of
Achievement
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Reporting

Presented to

**Salinas Valley Solid Waste Authority
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



List of Principal Officials

As of June 30, 2023

Anthony Rocha, City of Salinas
President

Ben Jimenez, City of Soledad
Vice President

Glen Church, County of Monterey
Alternate Vice President

Robert S. Cullen, City of King
Board Member

Carla Gonzalez, City of Salinas
Board Member

Christopher M Lopez, County of Monterey
Board Member

Andrew Sandoval, City of Salinas
Board Member

Liz Silva, City of Gonzales
Board Member

Angela Untalon, City of Greenfield
Board Member

Roy Santos
General Counsel

R. Patrick Mathews
General Manager/
Chief Administrative Officer

Cesar Zuniga
Assistant General Manager/
Operations Manager

Mandy Brooks
Resource Recovery Manager

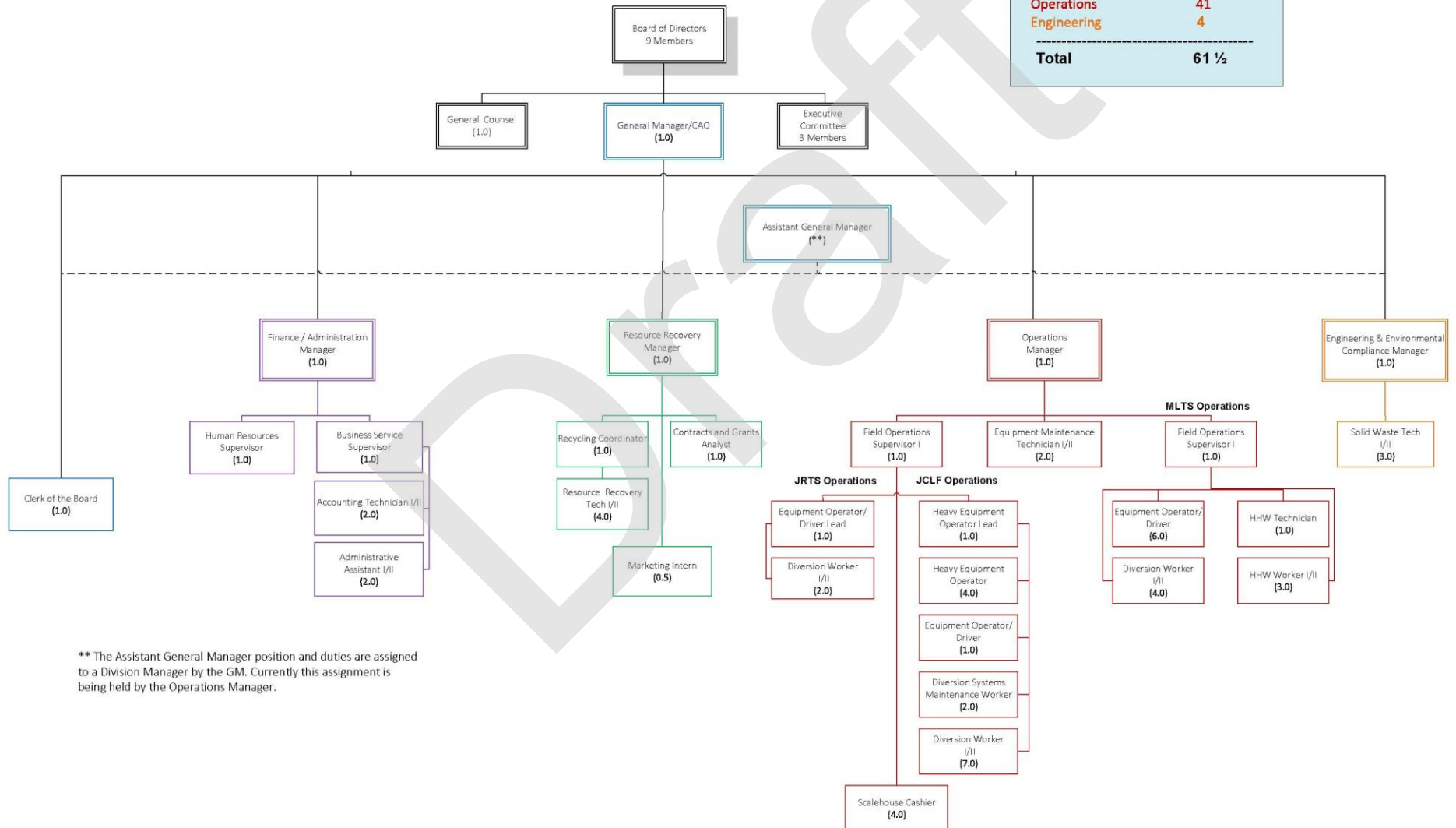
C. Ray Hendricks
Finance & Administration
Manager/Treasurer/Controller

Brian Kennedy
Engineering & Environmental
Compliance Manager

Salinas Valley Solid Waste Authority Organizational Chart

Proposed Effective Date: October 10, 2022

Executive Administration	2
Finance & Administration	7
Resource Recovery	7 ½
Operations	41
Engineering	4
Total	61 ½



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Salinas Valley Solid Waste Authority (Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the Authority's 2022 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated October 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived except for the reclassifications of restricted net position as described in Note 19.

McGilloway, Ray, Brown & Kaufman

McGilloway, Ray, Brown & Kaufman

Salinas, California

November XX, 2023

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Introduction

This section of the Salinas Valley Solid Waste Authority (Authority) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and comparative analysis of the financial activities of the Authority for the fiscal years ended June 30, 2023, and June 30, 2022. 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 ACFR.

For the fiscal year ended June 30, 2023, the Authority adopted the following pronouncements of the Governmental Accounting Standards Board (GASB):

- Statement No. 91, "Conduit Debt Obligations"
- Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payments Arrangements"
- Statement No. 96, "Subscription-Based Information Technology Arrangements"
- Statement No. 99, "Omnibus 2022"

Financial Highlights

- The Authority's net position increased \$6,314,622 to \$36,994,831.
- Operating revenues decreased \$451,437 (-1.8%) as the result of increases to AB939, and organics fees. The new transportation line of business partially helped to offset losses in tonnage due to the closure of Sun Street Transfer Station, and a decrease of the solid waste tipping fee.
- Waste landfilled decreased by 12,126 tons (-5.1%) from 238,089 tons in fiscal year 2021-22 to 225,963 tons in fiscal year 2022-23 as primarily the result of the closure of Sun Street Transfer Station, and a slight decrease in overall franchise waste.
- Operating expenses increased by \$753,653 (4.2%) to \$18,808,894 due to increases in organics processing and personnel services. Large increases in OPEB and Pension liabilities were offset by large decreases in the closure and post closure liabilities for the landfills.
- The Authority's total liabilities decreased by \$5,472,993 to \$46,599,037 due to an adjustment to the post closure liability, as well as payments to the debt service.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the ACFR, 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 like 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 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 rates 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

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

operations over the past year and can be used to determine the Authority's creditworthiness and whether the Authority has successfully recovered all its costs through its user fees and other charges. 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, an ACFR 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 \$36,994,831, which is an increase of \$6,314,622 from the prior year net position of \$30,680,209.

Salinas Valley Solid Waste Authority Condensed Statement of Net Position June 30, 2022 and 2021				
	2023	2022	Change	% Change
Assets				
Current Assets	\$ 34,100,625	\$ 30,120,743	\$ 3,979,882	13.2%
Other Assets	5,171,874	7,106,221	(1,934,347)	-27.2%
Capital Assets, Net	41,537,685	42,210,712	(673,027)	-1.6%
Total Assets	80,810,184	79,437,676	1,372,508	1.7%
Deferred Outflows of Resources	3,440,113	4,236,503	(796,390)	-18.8%
Liabilities				
Current Liabilities	5,438,472	5,437,955	517	0.0%
Long-term Liabilities	41,160,565	46,634,075	(5,473,510)	-11.7%
Total Liabilities	46,599,037	52,072,030	(5,472,993)	-10.5%
Deferred Inflows of Resources	656,429	921,940	(265,511)	-28.8%
Net Position				
Net Investment in				
Capital Assets	19,855,926	15,430,661	4,425,265	28.7%
Restricted	2,437,198	6,257,906	(3,820,708)	-61.1%
Unrestricted	14,701,707	8,991,642	5,710,065	63.5%
Total Net Position	\$ 36,994,831	\$ 30,680,209	\$ 6,314,622	20.6%

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Statement of Revenues, Expenses and Changes in Net Assets

The following is the Condensed Statement of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2023, and 2022.

Salinas Valley Solid Waste Authority Condensed Statement of Revenues, Expenses and Changes in Net Position For the years ended June 30, 2023 and 2022				
	2023	2022	Change	% Change
Operating Revenues				
Charges for Services	\$ 24,173,300	\$ 24,387,160	\$ (213,860)	-0.9%
Sales of Materials	562,930	800,507	(237,577)	-29.7%
Total Operating Revenues	24,736,230	25,187,667	(451,437)	-1.8%
Operating Expenses	18,808,894	18,055,241	753,653	4.2%
Operating Income	5,927,336	7,132,426	(1,205,090)	-16.9%
Non-operating Revenues				
Grants and Contributions	157,464	82,152	75,312	91.7%
Investment (Losses) Earnings	680,979	(323,781)	1,004,760	-310.3%
Other Non-operating Revenue	274,601	23,611	250,990	1063.0%
Total Non-operating Revenues	1,113,044	(218,018)	1,331,062	-610.5%
Non-operating Expenses				
Interest Expense	(725,758)	(776,122)	50,364	-6.5%
Bond Issuance Cost	-	(371,882)	371,882	0.0%
Total Non-operating Expenses	(725,758)	(1,148,004)	422,246	-36.8%
Change in Net Position	6,314,622	5,766,404	548,218	9.5%
Total Net Position - Beginning of Year	30,680,209	24,913,805	5,766,404	23.1%
Net Position - Ending of Year	\$ 36,994,831	\$ 30,680,209	\$ 6,314,622	20.6%

The Authority's activities increased the net position \$6,314,622 to \$36,994,831. Key elements of this change are as follows:

Operating revenues decreased \$451,437 (-1.8%). The net of contract transportation (a new line of service), and surcharge for transportation resulted in an increase of \$1,062,634 in revenue. AB939 Fees increased by \$172,992. Diversion programs increased \$87,598. Other Charges for services increased \$86,407. Solid Waste Tipping Fees decreased \$1,474,583 due to a combination of the closure of Sun Street Transfer Station and a reduction of solid waste tipping fees. Sales of Materials decreased by \$237,577.

Operating expenses increased by \$753,653 (4.2%) to \$18,808,894. The \$6,021,507 increase in personnel services is due largely to adjustments to pension and post employment benefits resulting in an increase of \$5,493,588 year over year. Organics processing cost increased \$355,841. The remaining increase of \$185,110 is due to increased costs to maintain our equipment and to safely operate our facilities.

Depreciation decreased \$817,130.

SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Closure/Post-Closure Maintenance Expenses decreased \$4,996,030 due CPI increases of 7.0% to the liability for all sites, an adjustment in the closure and postclosure estimate for Crazy Horse Landfill, as well as actual expenditures at the closed sites. Postclosure maintenance expenses for Crazy Horse Canyon Landfill were (\$3,324,217) due largely to a reduction in the amount of years required by CalRecycle along with a change in post closure estimate. Postclosure maintenance expenses for Lewis Road Landfill were \$371,646. Postclosure maintenance expenses for Jolon Road Landfill were \$291,951. For the active Johnson Canyon Landfill, Closure and Postclosure Liabilities are expensed as a percentage of capacity used at the landfill. The landfill is at 37.3% capacity as of June 30, 2023. Johnson Canyon closure expenses were \$281,802, and post closure expenses were \$229,286.

Investment earnings increased by \$1,004,760 due to increases in treasuries and overall investment. The \$725,758 in non-operating expenses is for interest paid on the Authority's long-term debt, a long with a loss from the disposal of capital assets not fully depreciated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the Authority had \$41,537,685 invested in capital assets, primarily in landfills as summarized below. During this fiscal year, the Authority added \$2,063,063 in depreciable assets, retired \$930,297 in assets, and recorded a depreciation expense of \$2,625,511. 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, 2023 and 2022

	2023	2022
Land	\$ 1,416,868	\$ 1,416,868
Buildings	3,285,467	3,285,467
Improvements other than buildings	65,524,615	64,779,693
Equipment	14,760,925	14,373,081
Right-to-use leased building	2,711,810	2,711,810
Construction in progress	248,704	337,737
Total Capital Assets	87,948,389	86,904,656
Accumulated Depreciation	(46,410,704)	(44,693,944)
Net Capital Assets	<u>\$ 41,537,685</u>	<u>\$ 42,210,712</u>

Long-Term Debt

At the end of this fiscal year, the Authority had \$22.9 million in long-term debt as shown below. On February 22, 2022, Salinas Valley Solid Waste Authority issued Taxable bonds (Series 2022A) in the amount of \$25,595,000 to refund both the Alternative Minimum Taxable bonds (Series 2014A), and Taxable bonds (Series 2014B). Which were issued to refund Series 2002 revenue bonds, and the Authority's 1997 Installment Purchase Agreement. The remaining balance was included in the \$1.53 million deferred loss on refunding of bonds and will be amortized over the life of the 2022 Bonds. Additional information on the Authority's long-term debt can be found in Note 8. S&P Global Ratings ("S&P") has assigned a rating of "AA" to the Series 2022A Bonds.

**SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Salinas Valley Solid Waste Authority
Condensed Statement of Long-Term Debt
For the years ended June 30, 2023 and 2022

	2023	2022
2022A (Taxable) Refunding Revenue Bond	\$ 22,895,000	\$ 25,595,000

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 was the case 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. The Authority closed Sun Street Transfer Station on September 10, 2022, which led to a slight decrease in tonnage. In 2023 the Authority landfilled 225,963 tons. Management has budgeted 209,000 tons during 2023-24 with a no change in the \$64.75 per ton tipping fee. The 2023-24 budget is balanced.



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, 126 Sun Street, Salinas, California 93901.

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2023
With Comparative Totals as of June 30, 2022

	2023	Restated 2022
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 30,478,697	\$ 27,503,149
Restricted Cash and Cash Equivalents	692,921	70,533
Receivables, Net	2,404,589	2,303,602
Lease Receivable - Current Portion	131,107	67,327
Accrued Interest Receivable	265,510	66,246
Prepaid Expenses	127,801	109,886
Total Current Assets	<u>34,100,625</u>	<u>30,120,743</u>
Noncurrent Assets		
Restricted Cash and Cash Equivalents	5,071,170	5,220,910
Lease Receivable, Less Current Portion	100,704	138,473
Capital Assets, Net	41,537,685	42,210,712
Net OPEB Assets	-	55,725
Net Pension Assets	-	1,691,113
Total Noncurrent Assets	<u>46,709,559</u>	<u>49,316,933</u>
Total Assets	<u>80,810,184</u>	<u>79,437,676</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pension Liabilities	1,962,218	2,517,897
Deferred Outflows Related to OPEB Liabilities	264,655	191,849
Deferred Loss on Refunding of Bonds	1,213,240	1,526,757
Total Deferred Outflows of Resources	<u>3,440,113</u>	<u>4,236,503</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 84,250,297</u></u>	<u><u>\$ 83,674,179</u></u>

The accompanying notes are an integral part of this financial statement

SALINAS VALLEY SOLID WASTE AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2023
With Comparative Totals as of June 30, 2022
(Continued)

	2023	Restated 2022
Liabilities		
Current Liabilities		
Accounts Payable	\$ 1,249,402	\$ 897,077
Wages Payable	162,819	382,739
Accrued Leave	109,341	109,612
Interest Payable	175,518	162,653
Lease - Current Portion	191,207	185,549
Bonds Payable - Current Portion	2,700,000	2,700,000
Unearned Revenues	258,494	356,887
Postclosure Payable - Current Portion	591,691	643,438
Total Current Liabilities	<u>5,438,472</u>	<u>5,437,955</u>
Long Term Liabilities		
Accrued Leave	677,697	600,741
Lease	2,335,054	2,526,261
Bonds Payable, Net	20,195,000	22,895,000
Closure Payable	3,026,078	2,744,273
Postclosure Payable, Less Current Portion	14,472,959	17,867,800
Net OPEB Liability	75,300	-
Net Pension Liability	378,477	-
Total Long Term Liabilities	<u>41,160,565</u>	<u>46,634,075</u>
Total Liabilities	<u>46,599,037</u>	<u>52,072,030</u>
Deferred Inflows of Resources		
Deferred Inflows related to leases	231,811	205,800
Deferred Inflows related to Pension Liabilities	222,419	427,741
Deferred Inflows related to OPEB Liabilities	202,199	288,399
Total Deferred Inflows of Resources	<u>656,429</u>	<u>921,940</u>
Total Liabilities and Deferred Inflows of Resources	<u>47,255,466</u>	<u>52,993,970</u>
Net Position		
Net Investment in Capital Assets	19,855,926	15,430,661
Restricted for Closure Reserve	2,045,092	2,226,369
Restricted for CALPERS Irrevocable Pension Trust Fund 115	392,106	250,268
Restricted for net pension assets	-	3,781,269
Unrestricted	14,701,707	8,991,642
Total Net Position	<u>36,994,831</u>	<u>30,680,209</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 84,250,297</u>	<u>\$ 83,674,179</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, 2023
With Comparative Totals for fiscal year ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Charges for Services	\$ 24,173,300	\$ 24,387,160
Sales of Materials	<u>562,930</u>	<u>800,507</u>
Total Operating Revenues	<u>24,736,230</u>	<u>25,187,667</u>
Operating Expenses		
Personnel Services	9,938,646	3,917,139
Contractual Services	2,795,512	2,775,174
Operating Contracts	2,352,005	1,929,384
Supplies	1,475,180	1,309,849
Insurance	556,451	480,849
Building Rent	-	117,897
Taxes and Permits	576,869	621,199
Utilities	203,494	204,197
Depreciation and Amortization	2,625,511	3,442,641
Closure/Postclosure Maintenance	(2,149,531)	2,846,498
Hazardous Waste	167,960	214,515
Other	<u>266,797</u>	<u>195,899</u>
Total Operating Expenses	<u>18,808,894</u>	<u>18,055,241</u>
Operating Income	<u>5,927,336</u>	<u>7,132,426</u>
Non-Operating Revenues (Expenses)		
Grants and Contributions	157,464	82,152
Rental income	166,748	-
Other Non-Operating Revenue	-	23,611
Investment (Losses) Earnings	680,979	(323,781)
Bond Issuance Cost	-	(371,882)
Interest Expense	(725,758)	(776,122)
Gain on Disposition of Capital Assets	<u>107,853</u>	<u>-</u>
Net Non-Operating Expenses	<u>387,286</u>	<u>(1,366,022)</u>
Change in Net Position	6,314,622	5,766,404
Total Net Position - Beginning of Year	<u>30,680,209</u>	<u>24,913,805</u>
Total Net Position - End of Year	<u><u>\$ 36,994,831</u></u>	<u><u>\$ 30,680,209</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, 2023
With Comparative Totals for Fiscal Year Ended June 30, 2022

	2023	2022
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 24,336,173	\$ 25,145,429
Payments to Suppliers	(9,075,110)	(8,733,892)
Payments to Employees	(7,689,915)	(6,964,186)
Net Cash Provided by Operating Activities	<u>7,571,148</u>	<u>9,447,351</u>
Cash Flows from Noncapital Financing Activities:		
Grants and Contributions	<u>358,141</u>	<u>82,152</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Refunding Bond	-	25,595,000
Insurance Proceeds Received for Property Destruction	-	23,611
Proceeds from sale of assets	129,399	-
Payments to Refunded Bonds Escrow Agent	-	(25,223,116)
Payments to Acquire Refunded Bonds	-	(371,882)
Acquisition and Construction of Capital Assets	(1,974,030)	(6,785,534)
Principal Paid on Capital Debt	(2,885,549)	(1,855,000)
Interest Paid on Capital Debt	(399,376)	(1,267,136)
Net Cash Used in Capital and Related Financing Activities	<u>(5,129,556)</u>	<u>(9,884,057)</u>
Cash Flows from Investing Activities:		
Interest Received	581,997	58,174
Rental income received	166,748	-
Increase in FMV of LAIF Investment	(100,282)	(422,543)
Net Cash Provided (Used) by Investing Activities	<u>648,463</u>	<u>(364,369)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,448,196	(718,923)
Cash and Cash Equivalents at Beginning of Year	<u>32,794,592</u>	<u>33,513,515</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 36,242,788</u></u>	<u><u>\$ 32,794,592</u></u>
Cash and Cash Equivalents - Financial Statement Classification		
Unrestricted Cash and Investments	\$ 30,478,697	\$ 27,503,149
Restricted Cash and Investments	<u>5,764,091</u>	<u>5,291,443</u>
Total Cash and Cash Equivalents - Financial Statement Classification	<u><u>\$ 36,242,788</u></u>	<u><u>\$ 32,794,592</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, 2023
With Comparative Totals for Fiscal Year Ended June 30, 2022
(Continued)

	<u>2023</u>	<u>2022</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	<u>\$ 5,927,336</u>	<u>\$ 7,132,426</u>
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	2,625,511	3,442,641
(Increase) Decrease in Receivables	(400,057)	(353,381)
(Increase) Decrease in Prepaid Expenses	(17,915)	(76,365)
Increase (Decrease) in Accounts Payable	352,325	20,693
Increase (Decrease) in Wages Payable	(219,920)	52,228
Increase (Decrease) in Accrued Leave	76,685	10,542
Increase (Decrease) in Unearned Revenue	-	319,425
Increase (Decrease) in Closure/Postclosure Payable	(3,164,783)	2,000,764
Increase (Decrease) in OPEB Liabilities and related deferrals	(27,981)	(107,860)
Increase (Decrease) in Pension Liabilities (Assets) and related deferrals	<u>2,419,947</u>	<u>(2,993,762)</u>
Total Adjustments to Net Income	<u>1,643,812</u>	<u>2,314,925</u>
Net Cash Provided by Operating Activities	<u>\$ 7,571,148</u>	<u>\$ 9,447,351</u>
Noncash Investing, Capital and Financing Activities		
Acquisition of Right-to-Use Building and Lease Payable	<u>\$ -</u>	<u>\$ 2,711,810</u>
Amortization of Bond Premium	<u>\$ -</u>	<u>\$ 1,076,442</u>

The accompanying notes are an integral part of this financial statement

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 \$15,000 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, 2023

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 11 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 assets 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 assets 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, 2023

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.

Leases – the item that qualifies in this category is the present value of for future long-term lease revenue and will not be recognized as an inflow of resources (revenue) until that time.

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, 2023

Comparative Prior Year Financial Information: Selected information regarding the prior year has been included in the accompanying financial statements. Certain reclassifications have been made to confirm to current year presentation. 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. 91	<i>"Conduit Debt Obligations"</i>	The provisions of this Statement are effective for reporting periods beginning after December 15, 2021. The Authority has implemented this pronouncement for the fiscal year 2022-23.
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. The Authority has implemented this pronouncement for the fiscal year 2022-23.
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. The Authority has implemented this pronouncement for the fiscal year 2022-23.
Statement No. 99	<i>"Omnibus 2022"</i>	The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The Authority has implemented this pronouncement for the fiscal year 2022-23.

Future Accounting Pronouncements: GASB Statements listed below will be implemented in future financial statements:

Statement No. 99	<i>"Omnibus 2022"</i>	The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	<i>"Accounting Changes and Error Corrections" - An Amendment of GASB Statement No. 62</i>	The provisions of this Statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	<i>"Compensated Absences"</i>	The provisions of this Statement are effective for fiscal years beginning after December 15, 2023.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023 were as follows:

Cash and Cash Equivalents	
Unrestricted Cash	\$ 30,478,697
Restricted Cash	5,764,091
Total Cash and Cash Equivalents	<u>\$ 36,242,788</u>

The Authority's cash and investments at June 30, 2023, were held as follows:

Cash managed by the Authority's Treasurer	\$ 2,370,404
Investments managed by the Authority's Treasurer	33,872,384
Total Cash and Investments	<u>\$ 36,242,788</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, 2023, the total fair value amount invested by all public agencies in LAIF is \$176,442,053,163 and managed by the State Treasurer. Of that amount, 2.78% 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.

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.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The Guidelines and investment policies are as follows:

Risk tolerance	Capital Appreciation
Risk management	The CEPPT Strategy 2 portfolio is invested in various asset classes that are passively managed to an index. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal.
Investment Objective	The CEPPT Strategy 2 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.
Strategic Ranges	21% Global Equity ($\pm 5\%$) 61% Fixed Income ($\pm 5\%$) 9% REITs ($\pm 5\%$) 9% 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, 2023, 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.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 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 98.8% 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 1.2% 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 98.8% of the portfolio are not considered a concentrated risk

The Authority was in compliance with these limitations at June 30, 2023. At June 30, 2023, 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	\$ 33,480,278	\$ 18,353,889	\$ 7,526,367	\$ 7,600,022	98.8
CALPERS Irrevocable Pension Trust Fund 115	392,106	392,106	-	-	1.2
	<u>\$ 33,872,384</u>	<u>\$ 18,745,995</u>	<u>\$ 7,526,367</u>	<u>\$ 7,600,022</u>	<u>100.0</u>

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

3. Receivables, Net:

Receivables and the related allowance for doubtful accounts at June 30, 2023, are summarized as follows:

Tipping Fee Accounts Receivable	\$ 1,979,856
Republic Madison Lane Hauling	198,245
LFG Gas Royalties	85,589
Intergovernmental Grants Receivable	62,998
Sales of Recycling Materials	36,311
Franchise Administration	31,466
State Fund Adjustment	8,197
Employees' Flexible Spending Account	5,245
Vision JC Electricity	4,830
WM JR Electricity	737
SDLF Scholarship	675
Caltrans ABOP Collection	339
Total Receivables	2,414,488
Allowance for Doubtful Accounts	(9,899)
Total Receivables, Net	<u>\$ 2,404,589</u>

4. Loss on Bonds Refunding:

The Authority had a loss on the refunding of the Series 2002 and 2014 Revenue Bonds, which is a deferred outflow of resources.

Deferred Outflows of Resources balances for the year ended June 30, 2023 were as follows:

	June 30, 2022	Increases	Decreases	June 30, 2023
Loss on Refunding of Bonds:				
2022A (Taxable) Refunding Revenue Bonds	<u>\$ 1,526,757</u>	<u>\$ -</u>	<u>\$ (313,517)</u>	<u>\$ 1,213,240</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.

<u>Fiscal Year Ending June 30,</u>	<u>2022A (Taxable) Refunding Revenue Bond</u>
2024	\$ 278,604
2025	243,495
2026	207,934
2027	171,791
2028	135,002
2029-2031	176,414
	<u>\$ 1,213,240</u>

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

5. Restricted Cash:

Cash and investments of \$5,764,091 are recorded as restricted assets at June 30, 2023.

Cash and investments of \$5,071,170 are restricted by the California Integrated Waste Management Board for the closure of Johnson Canyon Landfill.

Cash and investments of \$392,106 are restricted by the CalPERS irrevocable pension trust agreement.

Cash and investments of \$230,348 are restricted by the California Department of Resources Recycling and Recovery for various grants related to recycling programs.

Cash and investments of \$3,240 are restricted by the Flexible Spending Arrangement for employees' pay out-of-pocket health and child care costs.

Cash and investments of \$67,227 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.

6. Capital Assets, Net:

The changes in capital assets of the Authority for the year ended June 30, 2023, are summarized as follows:

	June 30, 2022	Increases	Decreases	June 30, 2023
Nondepreciable assets:				
Land	\$ 1,416,868	\$ -	\$ -	\$ 1,416,868
Construction in Progress	337,737	120,667	(209,700)	248,704
Total nondepreciable assets	1,754,605	120,667	(209,700)	1,665,572
Depreciable Assets:				
Buildings	3,285,467	-	-	3,285,467
Other Improvements	64,779,693	775,002	(30,080)	65,524,615
Machinery and Equipment	14,373,081	1,288,061	(900,217)	14,760,925
Right-to-Use Building	2,711,810	-	-	2,711,810
Total depreciable assets	85,150,051	2,063,063	(930,297)	86,282,817
Less Accumulated Depreciation	(44,693,944)	(2,625,511)	908,751	(46,410,704)
Total Depreciable Assets, Net	40,456,107	(562,448)	(21,546)	39,872,113
Total Capital Assets, Net	\$ 42,210,712	\$ (441,781)	\$ (231,246)	\$ 41,537,685

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The changes in accumulated depreciation by major class is summarized as follows:

	June 30, 2022	Increases	Decreases	June 30, 2023
Buildings	\$ (293,864)	\$ (88,733)	\$ -	\$ (382,597)
Other Improvements	(36,327,662)	(1,026,747)	18,051	(37,336,358)
Machinery and Equipment	(8,072,418)	(1,324,482)	890,700	(8,506,200)
Right-to-used Leased Building	-	(185,549)	-	(185,549)
Total	<u>\$ (44,693,944)</u>	<u>\$ (2,625,511)</u>	<u>\$ 908,751</u>	<u>\$ (46,410,704)</u>

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, 2023, the liability for this accrued leave is \$787,038.

The changes in accrued leave of the Authority for the year ended June 30, 2023, are summarized as follows:

	June 30, 2022	Increases	Decreases	June 30, 2023
Accrued Leave				
Current	\$ 109,612	\$ 29,745	\$ (30,016)	\$ 109,341
Noncurrent	600,741	123,621	(46,665)	677,697
Total	<u>\$ 710,353</u>	<u>\$ 153,366</u>	<u>\$ (76,681)</u>	<u>\$ 787,038</u>

8. Long Term Liabilities:

The following is a summary of long term liabilities for the year ended June 30, 2023:

	June 30, 2022	Increases	Decreases	June 30, 2023	Due Within One year
Direct Borrowings and Placements:					
2022A (Taxable) Refunding					
Revenue Bonds	\$ 25,595,000	\$ -	\$ (2,700,000)	\$ 22,895,000	\$ 2,700,000
Leases	2,711,810	-	(185,549)	2,526,261	191,207
Closure Payable	2,744,273	281,805	-	3,026,078	-
Postclosure Payable	18,511,238	1,385,207	(4,831,795)	15,064,650	591,691
Total Long Term Liabilities	<u>\$ 49,562,321</u>	<u>\$ 1,667,012</u>	<u>\$ (7,717,344)</u>	<u>\$ 43,511,989</u>	<u>\$ 3,482,898</u>

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Advance Refunding: On February 22, 2022, Salinas Valley Solid Waste Authority issued Taxable bonds (Series 2022A) with a par value of \$25,595,000. These refunding revenue bonds were sold at par value for \$25,595,000. The purpose of the bond issuance was to refund both the Alternative Minimum Taxable bonds (Series 2014A), and Taxable bonds (Series 2014B). Which were issued to refund Series 2002 revenue bonds, and the Authority's 1997 Installment Purchase Agreement.

The refinancing is an advanced refunding. Proceeds of the new refunding bonds were deposited in an escrow account to pay principal and interest on the refunded bonds until the prepayment date of August 1, 2024, at which time, the remaining 2014 bonds will be paid off by the escrow agent.

Under current federal tax laws, a tax-exempt refinancing could have only been completed in 2024. However, refinancing with taxable Bonds allowed the Authority to lock in lower interest rates and achieve substantial savings. The interest rates of the 2022 Bonds are between .636% and 2.481% compared to interest rates between 4.641% and 5.5% remaining for the 2014 bonds. The advance refunding reduced the Authority's total debt service payment by \$ 1.61 million and resulted in an economic gain of \$1.28 million.

The annual debt service requirements for the 2022A (Taxable) Refunding Revenue Bond are as follows:

2022A (Taxable) Refunding Revenue Bond Fiscal Year Ending June 30,	Direct Borrowings and Placements		
	Principal	Interest	Total
2024	\$ 2,700,000	\$ 413,116	\$ 3,113,116
2025	2,730,000	381,569	3,111,569
2026	2,770,000	340,937	3,110,937
2027	2,820,000	293,020	3,113,020
2028	2,870,000	238,656	3,108,656
2029-2031	9,005,000	327,020	9,332,020
	<u>\$ 22,895,000</u>	<u>\$ 1,994,318</u>	<u>\$ 24,889,318</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.

9. 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

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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.

The system estimated capacity at June 30, 2023 is presented as follows:

	<u>Johnson Canyon</u>
Permitted Capacity (cu. yd.)	16,280,000
Cumulative Capacity Used (cu. yd.)	<u>(6,069,058)</u>
Remaining Capacity (cu. yd.)	<u><u>10,210,942</u></u>

System Capacity: As of June 30, 2023, the Authority has 62.72% 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, 2023, the Authority landfilled a total of 225,963 tons of solid waste. As of June 30, 2023 the Authority has 41 years remaining landfill capacity.

Johnson Canyon Landfill: On December 21, 2021, 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 2066 based on remaining capacity and current in-place density per 2023 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.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Closure and Postclosure Maintenance Costs: Estimated closure and postclosure maintenance costs and amounts set-aside for closure as of June 30, 2023, are presented as follows:

	Total	Crazy Horse	Johnson Canyon	Lewis Road	Jolon Road
Estimated:					
Closure Cost	\$ 8,117,323	\$ -	\$ 8,117,323	\$ -	\$ -
Postclosure Maintenance Cost	19,207,101	9,077,247	6,604,592	1,985,199	1,540,063
Total Estimated	<u>\$ 27,324,424</u>	<u>\$ 9,077,247</u>	<u>\$ 14,721,915</u>	<u>\$ 1,985,199</u>	<u>\$ 1,540,063</u>
Expense:					
Closure	\$ 281,802	\$ -	\$ 281,802	\$ -	\$ -
Postclosure Maintenance	(2,431,333)	(3,324,217)	229,287	371,646	291,951
Total Expense	<u>\$ (2,149,531)</u>	<u>\$ (3,324,217)</u>	<u>\$ 511,089</u>	<u>\$ 371,646</u>	<u>\$ 291,951</u>
Outstanding Liability:					
Closure	\$ 3,026,078	\$ -	\$ 3,026,078	\$ -	\$ -
Postclosure Maintenance	15,064,650	9,077,247	2,462,141	1,985,199	1,540,063
Total Liability	<u>\$ 18,090,728</u>	<u>\$ 9,077,247</u>	<u>\$ 5,488,219</u>	<u>\$ 1,985,199</u>	<u>\$ 1,540,063</u>
Assets Set-Aside for Closure-Cash	<u>\$ 5,071,170</u>	<u>\$ -</u>	<u>\$ 5,071,170</u>	<u>\$ -</u>	<u>\$ -</u>
Cash over Closure Liability	<u>\$ 2,045,092</u>	<u>\$ -</u>	<u>\$ 2,045,092</u>	<u>\$ -</u>	<u>\$ -</u>

Crazy Horse Landfill estimated postclosure costs decreased \$3,816,542 as a result of the revised CalRecycle estimate, a CalRecycle inflation factor of 107% and a reduction in the amount of years required for the pledge of revenue. Current year postclosure expenditures were \$492,325.

Johnson Canyon Landfill estimated closure costs increased \$281,802 as a result of a CalRecycle inflation factor of 107%.

Johnson Canyon Landfill estimated postclosure costs increased \$229,286 as a result of a CalRecycle inflation factor of 107%.

Lewis Road Landfill estimated postclosure costs increased \$129,873 as a result of a CalRecycle inflation factor of 107%. Current year postclosure expenditures were \$241,773.

Jolon Road Landfill estimated postclosure costs increased \$10,795 as a result of a CalRecycle inflation factor of 107% and a reduction in the number of years required for the pledge of revenue. Current year postclosure expenditures were \$281,156.

The postclosure maintenance liability of \$18,090,728 will be funded from future revenues as expenditures take place.

10. 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.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The Authority's deferred compensation plan is administered by the ICMA Retirement Corporation. The Deferred Compensation plan has a balance of \$1,745,434 as of June 30, 2023. 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.

11. 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.

The Plans' provisions and benefits in effect at June 30, 2023, 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%	7.750%
Required employer contribution rates	12.470%	7.680%
Required Payment of Unfunded Liability	\$0	\$0

**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.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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:

	<u>Fiscal Year Paid</u>
	<u>2022/23</u>
Misc. Classic	\$ 254,605
Misc. PEPRA	174,477
	<u>\$ 429,082</u>

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

As of June 30, 2023, the Authority reported a net pension liability for its proportionate share of the net pension liability as follows:

	<u>Fiscal Year Ended</u>
	<u>June 30, 2023</u>
Authority's Miscellaneous Plan	\$ 378,477
Total Net Pension Liability	<u>\$ 378,477</u>

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, 2023 the Authority's Section 115 trust is reflected in the restricted cash balance of \$392,106. 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022 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, 2023 and 2022 were follow:

	<u>Percentage Share of Risk</u>		<u>Change:</u>
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>Increase/(Decrease)</u>
Measurement date	6/30/2022	6/30/2021	
Percentage of Plan (PERF C) NPL	0.00328%	-0.03127%	0.03455%

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

For the year ended June 30, 2023, the Authority recognized pension expense of \$2,849,029. At June 30, 2023, 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	\$ 7,601	\$ 5,091
Changes in assumption	38,783	-
Net differences between projected and actual earnings on plan investments	69,327	-
Change in employer's proportion	1,374,432	23,059
Differences between the employer's contributions and the employer's proportionate share of contributions	42,993	194,269
Pension contributions subsequent to measurement date	429,082	-
Total	<u>\$ 1,962,218</u>	<u>\$ 222,419</u>

\$429,082 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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>	
2024	\$ 528,269
2025	470,431
2026	269,614
2027	42,403
Total	<u>\$ 1,310,717</u>

Actuarial Methods and Assumptions Used to Determine Pension Liability*: The total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022.

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	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds The Mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvements using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Post Retirement Benefit Increase Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

*These assumptions are from the CalPERS Report:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2022.pdf>

Changes of Assumptions: The discount rate for the PERF C, changed from 7.15% to 6.90%. The inflation assumptions changed from 2.50% to 2.30%.

Discount Rate: The discount rate used to measure the total pension liability for PERF C was 6.90%.

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

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

The expected real rates of return by asset class for the fiscal year ended June 30, 2023 were as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ^{1,2}
Global equity - cap-weighted	30.00%	4.45%
Global equity - non-cap-weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

This information is from the CalPERS Report:

<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2022.pdf>

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

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

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 (EARS�) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARS� for PERF C for the June 30, 2022 measurement date is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of all active employees) by 153,587 (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 6.90%, 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		
	5.90%	6.90%	7.90%
	(1% Decrease)	(Current Rate)	(1% Increase)
Measurement date		June 30, 2022	
Fiscal Year End		June 30, 2023	
Net Pension Liability (Asset)	\$ 2,143,993	\$ 378,477	\$ (1,074,105)

Pension Plan Fiduciary Net Positions: Detailed information about each plan's fiduciary net position is available in the separately issued CalPERS financial reports.

12. 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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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

The plan information is as follows:

Fiscal Year End	June 30, 2023
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 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 2023 is \$151 per month, of which the Authority pays 95% or \$143.45. The Authority is scheduled to pay the full minimum amount in 2024.

Employees Covered: As of the June 30, 2022 measurement date, the following current and former employees were covered by the benefit terms under the PEMHCA Plan:

	Number of Covered Participants
Inactive Employees Currently Receiving Benefit Payments	4
Inactive Employees Entitled to but not yet Receiving Benefit Payments	5
Actives Employees	61
Total Employees	70

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, were \$118,800. Authority payments for retired benefits, net investment earnings of the plan, and the estimated implied subsidy was \$16,402 resulting in total payments of \$135,202.

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

As of June 30, 2023, the authority reported net OPEB liability as follows:

<u>Fiscal Year Ended</u>	<u>June 30, 2023</u>
<u>Measurement Date</u>	<u>June 30, 2022</u>
Total OPEB Liability (TOL)	\$ 1,179,834
Fiduciary Net Position (FNP)	1,104,534
Total Net OPEB Liability	\$ 75,300
Funded status (FNP/TOL)	93.6%

Changes in the OPEB Liability (Asset): The changes in the net OPEB liability (asset) for the Authority Plan are as follows:

<u>Changes in Net OPEB Liability</u>	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (Asset) (a) - (b)</u>
Balance at June 30, 2022 (Measurement Date June 30, 2021)	\$ 1,034,899	\$ 1,090,624	\$ (55,725)
Service Cost	108,620	-	108,620
Interest	62,182	-	62,182
Employer Contributions	-	175,964	(175,964)
Net Investment Income	-	(135,779)	135,779
Benefit Payments	(25,867)	(25,867)	-
Administrative Expenses	-	(408)	408
Net Changes	144,935	13,910	131,025
Balance at June 30, 2023 (Measure Date June 30, 2022)	<u>\$ 1,179,834</u>	<u>\$ 1,104,534</u>	<u>\$ 75,300</u>

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the fiscal year ended June 30, 2023, the Authority recognized OPEB expense of \$107,221. As of the fiscal year ended June 30, 2023, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Experience	\$ -	\$ 199,170
Changes of Assumptions	14,400	3,029
Net Differences Between Projected and Actual		
Earnings on Plan Investments	115,053	-
Employer Contributions after Measurement Date	135,202	-
Total	<u>\$ 264,655</u>	<u>\$ 202,199</u>

Deferred outflows of resources in the amount of \$135,202 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, 2024.

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

<u>Year Ending June 30,</u>	
2024	\$ 1,604
2025	3,484
2026	4,284
2027	18,997
2028	(21,671)
Thereafter	<u>(79,444)</u>
Total	<u>\$ (72,746)</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.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Actuarial Methods and Assumptions Used to Determine the OPEB Liability: The Authority's net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that used to determine the June 30, 2022 total OPEB liability, based on the following actuarial methods and assumptions:

Fiscal Year End	June 30, 2023
Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Contribution Policy	Authority plans to contribute at least the full ADC
Discount Rate and Long-Term Expected	5.50% at June 30, 2022 5.50% at June 30, 2021
Rate of Return on Assets	Expected Authority contributions projected 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	Mortality projected fully generational with Scale MP-2020
Salary Increases	Aggregate - 3% annually Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 6.75% for 2023, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Non-Kaiser) - 5.9% for 2023, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Kaiser) - 4.85% for 2023, decreasing to an ultimate rate of 4.0% in 2076
PEMHCA Minimum Increases	4.25% annually
Healthcare Participation	Actives & surviving spouses: 70% Retirees & surviving spouses: Covered - 100% Waived - 0%
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.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2022	
CERBT Investment Strategy #3	Target	Expected Real
Asset Class	Asset Allocation	Rate of Return
Global Equity	23%	4.56%
Fixed Income	51%	1.56%
TIPS	9%	-0.08%
Commodities	3%	1.22%
REITs	14%	4.06%
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 (Asset) 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 (Asset).

	Discount Rate		
	(1% Decrease)	(Current Rate)	(1% Increase)
	4.50%	5.50%	6.50%
Net OPEB Liability (Assets)	\$ 290,857	\$ 75,300	\$ (97,563)

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, 2022:

	Healthcare Trend		
	(1% Decrease)	(Current Trend)	(1% Increase)
Net OPEB Liability (Assets)	\$ (146,931)	\$ 75,300	\$ 366,119

13. Concentrations:

The Authority received 74.79% of its Charges for Services (tipping fees) from two haulers: Republic Services and Waste Management. These two haulers comprised approximately \$1,454,152, (73.45%) of accounts receivable balances at June 30, 2023. 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.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

14. Commitments and Contingencies:

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, 2022, the Authority purchased worker's compensation insurance through the State Compensation Insurance Fund for its employees.

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 Improvements	Operations & Maintenance	Contingency	Total
Johnson Canyon	\$ 508,744	\$ 434,105	\$ -	\$ 942,849
Crazy Horse	3,973,516	8,995,132	-	12,968,648
Jolon Road	-	1,778,941	-	1,778,941
Lewis Road	149,878	276,058	42,752	468,688
Total Corrective Actions	<u>\$ 4,632,138</u>	<u>\$ 11,484,236</u>	<u>\$ 42,752</u>	<u>\$ 16,159,126</u>

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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.

15. Leases:

Lease Receivable: The Authority leases a Corporation Yard to a third party. The lease terms expire through June 2025, and the Authority receives monthly payment of \$4,750 monthly plus annual increases based on the consumer price index. Monthly payments for the year ended June 30, 2023 were \$5,554. The Authority recognized \$67,327 in lease revenue and \$1,859 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Authority's receivable for lease payments was \$138,473; of which \$69,882 is classified as current. The Authority also has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$13,473.

The Authority leases office space to a third party. The lease terms expire through December 2024, and the Authority receives monthly payments from a fixed payment schedule. Monthly payments on June 30, 2023 were \$5,642. The Authority recognized \$63,074 in lease revenue and \$3,641 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Authority's receivable for lease payments was \$93,338; of which \$62,516 is classified as current. The Authority also has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$93,338.

Lease Payable: The Authority entered into a multi-year lease from July 2022 through September 2036 for the use of a building on Madison Lane. An initial lease liability was recorded in the amount of \$2,711,810. As of June 30, 2023, the value of the lease liability was \$2,526,261. The Authority is required to make monthly principal and interest payments of \$16,234 plus annual increases based on the consumer price index for all urban consumers not to exceed 4%. The lease has an interest rate of 3.98%. The leased building has a 14 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$2,526,261 net of accumulated depreciation of \$185,549 as of June 30, 2023.

The future principal and interest payments as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 191,207	\$ 11,395	\$ 202,602
2025	191,109	19,598	210,707
2026	191,011	28,124	219,135
2027	190,914	36,986	227,900
2028	190,818	46,198	237,016
2029 - 2033	952,611	382,496	1,335,107
2034 - 2037	618,591	401,917	1,020,508
	<u>\$ 2,526,261</u>	<u>\$ 926,714</u>	<u>\$ 3,452,975</u>

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 \$83,922 in LEA permit fees for its facilities and an additional \$111,279 for its share of \$496,0800 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 2022-23 were \$195,201.

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, 2023 were as follows:

Net Investment in Capital Assets	\$ 19,855,926
Restricted:	
Restricted for Closure Reserve	2,045,092
Restricted for CALPERS Irrevocable Pension Trust Fund 115	392,106
Total Restricted	<u>2,437,198</u>
Unrestricted	
Designated	
Designated for Capital Projects Reserve	3,581,125
Designated for Operations Reserve	3,180,000
Designated for Environmental Impairment Reserve	2,516,999
	<u>9,278,124</u>
Undesignated	5,423,583
Total Unrestricted	<u>14,701,707</u>
Total Net Position	<u>\$ 36,994,831</u>

18. Bond Rate Covenant:

Pursuant to the Master Indenture of the Revenue Bonds, Series 2022, the Authority has agreed to 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, 2023, the calculation is 195%.

SALINAS VALLEY SOLID WASTE AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Net revenue available for debt service for the year ended June 30, 2023, is determined as follows:

Salinas Valley Solid Waste Authority
Debt Service Coverage Ratio Calculations
Fiscal year ended June 30, 2023

Revenues	
Operating revenues	\$ 24,736,230
Interest not on Project funds	680,979
Revised Revenues	<u>25,417,209</u>
Maintenance and Operations Costs	
GAAP Operating Expenses	18,808,894
Less the following items per Master Indenture	
Postclosure maintenance	2,431,333
Closure	(281,802)
Depreciation	(2,625,511)
Add Postclosure liability being paid	
Crazy Horse	492,325
Lewis Road	241,773
Jolon Road	<u>281,156</u>
Revised Maintenance and Operations Expenses per Master Indenture	<u>19,348,168</u>
Net Revenues	<u>\$ 6,069,041</u>
Debt Service on 2022 Bond	<u>\$ 3,115,297</u>
Debt Service Coverage Ratio	195%
Debt Service Coverage Required	115%

19. Reclassification:

During the current year, management determined that the prior year restricted net assets related to the Authority's pension plan were misclassified and included with unrestricted net position. To correct this misclassification, the net position as June 30, 2022 were restated to include the restricted net assets for pension of \$3,781,269 and decrease unrestricted net position from \$11,263,584, as originally reported, to \$8,991,642.

20. Subsequent Events:

Management has evaluated subsequent events through November XX, 2023, the date which these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SALINAS VALLEY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

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								
	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Measurement Date	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14
Authority's proportion of the net pension liability	0.003280%	-0.031270%	-0.000620%	0.000500%	0.010190%	0.01112%	0.01054%	0.00947%	0.01078%
Authority's proportionate share of the net pension liability	\$ 378,477	\$ (1,691,113)	\$ (67,484)	\$50,979	\$981,942	\$1,102,446	\$ 912,076	\$ 50,979	\$670,697
Authority's covered payroll*	\$4,528,388	\$ 4,350,173	\$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	8.36%	-38.87%	-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	76.68%	88.29%	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 nine years are shown.

* For the year ending on the measurement date.

SALINAS VALLEY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Schedule of Statutorily Required Employer Contributions
Pension Plan
Last 10 Years^

Fiscal year ended:	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Actuarially determined contribution	\$ 429,082	\$ 397,549	\$ 391,238	\$ 329,307	\$ 342,983	\$ 315,704	\$ 296,695	\$ 220,619	\$ 285,581
Contributions in relation to the actuarially determined contribution	429,082	397,549	482,094	653,073	1,431,107	388,865	358,695	250,906	285,581
Contribution deficiency (excess)	\$ -	\$ -	\$ (90,856)	\$ (323,766)	\$ (1,088,124)	\$ (73,161)	\$ (62,000)	\$ (30,287)	\$ -
Authority's covered payroll *	\$4,817,442	\$4,528,388	\$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	8.91%	8.78%	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 nine years are shown.

* For the fiscal year ended on the date shown.

SALINAS VALLEY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Schedule of Changes in the Authority's Net OPEB Liability
and Related Ratios as of Measurement Date

Last 10 Years^

	Fiscal Year End					
Measurement Date	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18
	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17
Changes in total OPEB liability						
Service cost	\$ 108,620	\$ 93,929	\$ 91,193	\$ 98,324	\$ 95,460	\$ 93,000
Interest	62,182	61,551	54,801	54,628	47,675	41,000
Actual benefits payments	(25,867)	(22,900)	(29,073)	(21,880)	(17,286)	(14,000)
Actual and expected experience difference	-	(151,696)	-	(112,552)	-	-
Changes in assumption	-	17,370	-	(4,645)	-	-
Net changes in total OPEB liability	144,935	(1,746)	116,921	13,875	125,849	120,000
Total OPEB liability - beginning	1,034,899	1,036,645	919,724	905,849	780,000	660,000
Total OPEB liability - ending	<u>\$ 1,179,834</u>	<u>\$ 1,034,899</u>	<u>\$ 1,036,645</u>	<u>\$ 919,724</u>	<u>\$ 905,849</u>	<u>\$ 780,000</u>
Changes in plan fiduciary net position						
Employer contributions	\$ 175,964	\$ 172,979	\$ 179,176	\$ 155,690	\$ 455,464	\$ -
Net investment income	(135,779)	124,262	45,120	41,131	9,405	-
Benefit payments	(25,867)	(22,900)	(29,073)	(21,880)	(17,286)	-
Administrative expenses	(408)	(403)	(472)	(234)	(355)	-
Net changes in plan fiduciary net position	13,910	273,938	194,751	174,707	447,228	-
Plan fiduciary net position - beginning	1,090,624	816,686	621,935	447,228	-	-
Plan fiduciary net position - ending	<u>\$ 1,104,534</u>	<u>\$ 1,090,624</u>	<u>\$ 816,686</u>	<u>\$ 621,935</u>	<u>\$ 447,228</u>	<u>\$ -</u>
Net OPEB liability						
Total OPEB liability	\$ 1,179,834	\$ 1,034,899	\$ 1,036,645	\$ 919,724	\$ 905,849	\$ 780,000
Plan fiduciary net position	1,104,534	1,090,624	816,686	621,935	447,228	-
Net OPEB liability	75,300	(55,725)	219,959	297,789	458,621	780,000
Net OPEB liability funded percentage	93.6%	105.4%	78.8%	67.6%	49.4%	0.0%
Covered payroll *	\$ 4,528,388	\$ 4,350,173	\$ 3,949,211	\$ 3,715,429	\$ 3,546,721	\$ 3,334,650
Net OPEB liability as a percent of covered payroll	1.66%	-1.28%	5.57%	8.01%	12.93%	23.39%

^ Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

* For the year ending on the measurement date.

SALINAS VALLEY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Schedule of Employer OPEB Contributions
Last 10 Years^

Contributions for the fiscal year ended:	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18
Actuarially determined contribution	\$ 114,979	\$ 116,717	\$ 115,026	\$ 137,800	\$ 133,700	\$ 149,000
Contributions in relation to the actuarially determined contribution	135,202	175,964	172,979	179,176	155,690	455,000
Contribution deficiency (excess)	<u>\$ (20,223)</u>	<u>\$ (59,247)</u>	<u>\$ (57,953)</u>	<u>\$ (41,376)</u>	<u>\$ (21,990)</u>	<u>\$ (306,000)</u>
Authority's covered payroll *	\$ 4,540,239	\$ 4,528,388	\$ 4,350,173	\$ 3,949,211	\$ 3,715,429	\$ 3,546,721
Contributions as a percentage of covered-employee payroll	2.98%	3.89%	3.98%	4.54%	4.19%	12.83%

^ Fiscal year 2018 was the 1st year of implementation, therefore only six 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, 2021
Actuarially Determined Contribution	2022/23 Fiscal Year
Actuarial Cost Method	Entry Age Normal, Level % of pay
Amortization Method	Level % of payroll
Amortization Period	17-year fixed period for the 2022/23
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 - 7.00% for 2022, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Non-Kaiser) - 6.10% for 2022, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Kaiser) - 5.00% for 2022, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with scale MP-2020

STATISTICAL SECTION (unaudited)

SALINAS VALLEY SOLID WASTE AUTHORITY

Index to Statistical Section (unaudited)

This part of the Authority's annual comprehensive 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.

Contents **Page**

Financial Trends - These schedules contain information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Net Position.....	51
Changes in Net Position.....	52
Operating Revenue by Source	53
Operating Expenses by Activity	54

Revenue Capacity - These schedules contain information to help the reader assess the Authority's most significant local revenue source.

Revenue Base.....	55
Revenue Rates.....	56
Principal Customers.....	57

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.

Ratio of Outstanding Debt	58
Pledged Revenue Coverage	59

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.

Demographic Statistics	60
Major Industries	61
Building Permits	64
Housing Stock.....	65

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.

Operating and Capacity Indicators.....	66
Operating and Capacity Indicators Capital Assets Statistics by Function.....	67

Salinas Valley Solid Waste Authority
Net Position (unaudited)
Last Ten Years
(accrual basis of accounting)

Description	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Net investment in capital assets	\$ (6,400,056)	\$ (6,007,513)	\$ (4,921,464)	\$ (3,830,703)	\$ (2,956,872)	\$ 1,564,130	\$ 6,082,771	\$ 10,393,875	\$ 15,430,661	\$ 19,855,926
Restricted	426,877	1,101,582	1,101,436	1,028,150	956,776	858,720	761,858	3,256,346	2,476,637	2,437,198
Unrestricted	(4,265,137)	(3,200,369)	(220,656)	2,398,199	7,448,904	9,954,238	10,674,815	11,263,584	12,772,911	14,701,707
Total Net Position	<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>	<u>\$ 30,680,209</u>	<u>\$ 36,994,831</u>

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	(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	6/30/2022	6/30/2023
Changes in Net Position:										
Operating Revenues	18,146,257	16,686,788	18,304,303	20,848,513	22,234,166	22,749,942	22,817,381	\$24,158,904	\$25,187,667	\$24,736,230
Operating Expenses	13,245,635	11,139,153	11,672,645	14,432,350	14,079,124	14,579,026	15,687,957	13,488,641	14,612,600	16,183,383
Depreciation and amortization	1,412,742	1,180,131	1,228,692	1,419,953	1,611,744	1,758,114	1,883,763	2,229,099	3,442,641	2,625,511
Operating income	3,487,880	4,367,504	5,402,966	4,996,210	6,543,298	6,412,802	5,245,661	8,441,164	7,132,426	5,927,336
Non-operating revenues (expenses)										
Investment earnings	28,013	36,631	64,248	95,624	303,212	732,658	674,151	21,687	(323,781)	680,979
Grants and contributions	116,780	116,641	148,077	66,117	332,789	69,126	79,834	88,061	82,152	157,464
Gain (loss) on disposition of capital assets	-	-	-	-	-	(26,942)	-	-	-	107,853
Interest expense	(1,724,013)	(1,557,530)	(1,549,675)	(1,521,621)	(1,482,988)	(1,382,565)	(1,294,539)	(1,209,230)	(776,122)	(725,758)
Capital grant income	-	-	-	-	-	1,014,415	437,249	52,679	-	-
Rental income	-	-	-	-	-	-	-	-	-	166,748
Other revenue(expense), net	-	-	-	-	167,367	108,786	-	-	23,611	-
Cost of bond issuance	(561,881)	-	-	-	-	-	-	-	(371,882)	-
Total non-operating revenues (expense), net	(2,141,101)	(1,404,258)	(1,337,350)	(1,359,880)	(679,620)	515,478	(103,305)	(1,046,803)	(1,366,022)	387,286
Changes in net position	\$ 1,346,779	\$ 2,963,246	\$ 4,065,616	\$ 3,636,330	\$ 5,863,678	\$ 6,928,280	\$ 5,142,356	\$ 7,394,361	\$ 5,766,404	\$ 6,314,622
Net position by component:										
Net Investment in capital assets	\$ (6,400,056)	\$ (6,007,513)	\$ (4,921,464)	\$ (3,830,703)	\$ (2,956,872)	\$ 1,564,130	\$ 6,082,771	\$ 10,393,875	\$ 15,430,661	\$ 19,855,926
Restricted for debt service	-	-	-	-	-	-	-	-	-	-
Restricted for grants	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	250,268	392,106
Restricted for closure reserve	357,450	797,572	1,006,091	951,651	883,918	798,264	720,230	3,060,868	2,226,369	2,045,092
Unrestricted	(4,265,137)	(3,200,369)	(220,656)	2,398,199	7,448,904	9,954,238	10,674,815	11,263,584	12,772,911	14,701,707
Total Net Position	\$ (10,238,316)	\$ (8,106,300)	\$ (4,040,684)	\$ (404,354)	\$ 5,448,808	\$ 12,377,088	\$ 17,519,444	\$ 24,913,805	\$ 30,680,209	\$ 36,994,831

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	Total Operating Revenues
(As Restated) 6/30/2014	\$ 17,552,203	\$ 594,054	\$ 18,146,257
(As Restated) 6/30/2015	16,103,054	583,734	16,686,788
(As Restated) 6/30/2016	17,685,519	618,784	18,304,303
(As Restated) 6/30/2017	20,201,840	646,673	20,848,513
(As Restated) 6/30/2018	21,532,600	701,566	22,234,166
06/30/19	22,094,564	655,378	22,749,942
06/30/20	22,242,891	574,276	22,817,167
06/30/21	23,479,213	679,691	24,158,904
06/30/22	24,387,160	800,507	25,187,667
06/30/23	24,173,300	562,930	24,736,230

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
(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
06/30/16	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
6/30/2022	3,917,139	2,775,174	1,929,384	1,309,849	480,849	117,897	621,199	204,197	2,846,498	214,515	195,899	14,612,600
6/30/2023	9,938,646	2,795,512	2,352,005	1,475,180	556,451	-	576,869	203,494	(2,149,531)	167,960	266,797	16,183,383

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>
6/30/2014	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
6/30/2022	238,089
6/30/2023	225,963

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>6/30/2014</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>	<u>6/30/2022</u>	<u>6/30/2023</u>
Tipping Fee	\$ 67	\$ 67	\$ 67	\$ 69	\$ 69	\$ 69	\$ 69	\$ 69	\$ 69	\$ 65
Surcharge on Salinas franchise waste	11	14	17	17	18	18	18	18	19	19
AB939 Fee	12	12	15	11	11	10	12	12	15	16

Data Source: Salinas Valley Solid Waste Authority Finance Division

Salinas Valley Solid Waste Authority
Principal Customers (unaudited)
Current Fiscal Year and Nine Years Ago

Customer	6/30/2023	
	Tons Processed	Percentage of Total
Republic Services Madison Lane	152,687	53.94%
Rural Dispose-All	20,943	7.40%
Republic Services of Salinas	10,915	3.86%
City of Soledad	10,209	3.61%
King City Disposal	10,145	3.58%
Tri-Cities Disposal	9,695	3.42%
City of Greenfield	9,302	3.29%
City of Gonzales	4,616	1.63%
Goodill Central Coast	2,062	0.73%
Correctional Training Facility	1,466	0.52%
All Other Customers	51,039	18.03%
Total Tons for All Customers	283,079	100.00%

Customer	6/30/2014	
	Tons Processed	Percentage of Total
Republic Services Of Salinas	106,358	38.10%
Recology South Valley	75,790	27.15%
Waste Management - Madison Lane	20,899	7.49%
Waste Management - Jolon Road	15,390	5.51%
City Of Soledad	9,120	3.27%
City Of Greenfield	8,252	2.96%
Rural Dispose-All	8,031	2.88%
Tri-Cities Disposal	4,085	1.46%
City Of Gonzales	3,809	1.36%
Correctional Trn.Fac.Soledad	1,589	0.57%
All Other Customers	25,857	9.26%
Total Tons for All Customers	279,180	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	2014 Series A Bonds Payable	2014 Series A		Eq Lease Payable	2020 Series A Bonds Payable	Total		
		Bonds Premium	2014 Series B Bonds Payable			Total (1)	Per Capita (2)	As a Share of Personal Income
(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	0.14%
6/30/2019	26,405,000	1,398,109	1,935,000	212,663	-	29,950,772	69	0.12%
6/30/2020	25,075,000	1,235,193	1,580,000	-	-	27,890,193	65	0.11%
6/30/2021	23,675,000	1,076,442	1,210,000	-	-	25,961,442	59	0.09%
6/30/2022	-	-	-	-	25,595,000	25,595,000	59	N/A
6/30/2023	-	-	-	-	22,895,000	22,895,000	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 Schedule 10 (Demographic Statistics)

Salinas Valley Solid Waste Authority
Pledged-revenue Coverage (unaudited)
Last Ten Fiscal Years

Description	(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	6/30/2022	6/30/2023
Operating Income	\$ 3,487,880	\$ 4,367,504	\$ 5,402,966	\$ 4,996,210	\$ 6,543,298	\$ 6,412,802	\$ 5,245,661	\$ 8,441,164	\$ 7,132,426	\$ 5,927,336
Investment Earnings	28,013	36,631	64,248	95,624	303,212	732,658	674,151	21,687	(323,781)	680,979
Closure/Postclosure Expense	639,510	(267,617)	476,570	2,944,468	1,234,202	1,395,057	1,798,906	(311,904)	2,846,498	(2,149,531)
Crazy Horse Postclosure	-	-	-	-	-	(394,277)	(404,816)	(529,652)	(436,423)	(492,325)
Lewis Rd Postclosure	(97,684)	(115,654)	(76,393)	(188,946)	(175,649)	(174,286)	(194,550)	(179,918)	(178,609)	(241,773)
Jolon Rd Postclosure	(29,657)	(34,437)	(19,870)	(162,615)	(168,022)	(171,518)	(212,981)	(197,403)	(230,702)	(281,156)
Depreciation and Amortization	1,412,742	1,180,131	1,228,692	1,419,953	1,611,744	1,758,114	1,883,763	2,229,099	3,442,641	2,625,511
Total	<u>\$ 5,440,804</u>	<u>\$ 5,166,558</u>	<u>\$ 7,076,213</u>	<u>\$ 9,104,694</u>	<u>\$ 9,348,785</u>	<u>\$ 9,558,550</u>	<u>\$ 8,790,134</u>	<u>\$ 9,473,073</u>	<u>\$ 12,252,050</u>	<u>\$ 6,069,041</u>
Annual Debt Service	<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>	<u>\$ 3,133,956</u>	<u>\$ 3,115,297</u>
Coverage Percentage	189%	269%	371%	477%	456%	305%	280%	302%	391%	195%
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)
6/30/2014	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	53,625
6/30/2019	4.7%	434,061	25,973,189	56,545
6/30/2020	14.4%	430,906	26,504,847	61,510
6/30/2021	7.3%	437,325	27,747,802	63,449
6/30/2022	4.5%	432,858	N/A	N/A
6/30/2023	5.5%	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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
SALINAS MSA										
Total										
No. of Businesses	11,717	11,038	12,180	12,274	12,681	13,380	13,648	13,735	13,907	18,472
No. of Employees	158,846	160,954	170,385	170,383	173,386	178,844	181,536	164,126	172,939	176,578
Payroll (in thousands)	\$1,508	\$1,565	\$1,685	\$1,823,620	\$1,868,529	\$1,946,321	\$2,030,131	\$1,947,964	\$2,209,513	\$2,356,112
Agriculture										
No. of Businesses	540	546	539	520	530	548	557	561	566	5665
No. of Employees	62,874	66,033	67,029	66,347	67,159	69,481	70,231	67,795	68,579	76,629
Payroll (in thousands)	\$521	\$558	\$597	\$658,994	\$675,089	\$702,286	\$722,652	\$739,270	\$816,000	\$891,569
Utilities										
No. of Businesses	21	22	20	20	20	21	23	22	21	22
No. of Employees	872	763	789	784	804	788	803	829	538	551
Payroll (in thousands)	\$21	\$183	\$20	\$21,753	\$22,014	\$21,481	\$23,302	\$25,955	\$17,537	\$21,617
Construction and Mining										
No. of Businesses	825	857	886	914	951	1,042	1,066	1,095	1,104	1,123
No. of Employees	4,823	5,080	5,538	6,067	6,416	6,538	6,888	6,485	6,793	7,314
Payroll (in thousands)	\$62	\$66	\$75	\$91,161	\$94,666	\$94,772	\$108,057	\$104,888	\$112,696	\$133,526

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- (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) 2023 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Manufacturing										
No. of Businesses	265	267	259	264	271	289	296	276	292	307
No. of Employees	5,439	5,337	5,685	5,529	5,759	5,538	5,311	4,695	5,096	5,183
Payroll (in thousands)	\$60	\$61	\$66	\$69,340	\$73,079	\$69,305	\$71,060	\$66,334	\$72,847	\$80,385
Wholesale Trade										
No. of Businesses	368	411	384	375	366	375	379	376	387	376
No. of Employees	5,227	4,710	5,459	5,548	5,868	5,923	5,836	5,369	5,317	5,565
Payroll (in thousands)	\$93	\$60	\$94	\$101,499	\$99,856	\$101,941	\$100,277	\$98,253	\$103,086	\$111,160
SALINAS MSA										
Retail Trade										
No. of Businesses	1,175	1,358	1,199	1,212	1,188	1,199	1,193	1,220	1,222	477
No. of Employees	16,144	16,969	16,366	16,356	16,241	16,684	16,671	15,346	15,983	7,461
Payroll (in thousands)	\$120	\$114	\$128	\$134,773	\$134,980	\$141,741	\$147,826	\$148,372	\$169,595	\$96,238
Transportation and Warehousing										
No. of Businesses	239	240	269	266	283	313	329	335	347	383
No. of Employees	3,309	2,814	3,907	3,817	3,493	3,352	3,531	2,995	3,236	3,216
Payroll (in thousands)	\$40	\$26	\$49	\$46,978	\$45,508	\$44,062	\$45,883	\$40,301	\$46,267	\$50,301

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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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Information										
No. of Businesses	102	119	84	88	87	93	96	94	98	44
No. of Employees	1,517	2,307	1,325	1,126	1,036	1,028	994	735	852	431
Payroll (in thousands)	\$24	\$31	\$23	\$17,431	\$15,534	\$14,268	\$14,254	\$12,894	\$14,518	\$6,263
Finance and Insurance										
No. of Businesses	333	375	333	354	349	366	363	352	345	339
No. of Employees	2,235	3,711	2,247	2,354	2,430	2,514	2,442	2,290	2,155	2,229
Payroll (in thousands)	\$43	\$51	\$45	\$49,584	\$51,645	\$51,634	\$48,911	\$48,964	\$50,686	\$53,483
Real Estate and Rental and Leasing										
No. of Businesses	380	428	387	382	390	421	426	451	459	470
No. of Employees	1,639	2,313	1,781	1,803	1,933	2,032	1,960	1,780	1,978	2,042
Payroll (in thousands)	\$18	\$20	\$20	\$22,487	\$22,408	\$24,369	\$24,675	\$23,178	\$26,708	\$28,692
Services										
No. of Businesses	7,469	6,415	7,820	7,879	8,246	8,706	8,920	8,953	9,066	9,366
No. of Employees	54,767	50,917	60,259	60,652	62,247	64,714	66,869	55,807	62,412	65,957
Payroll (in thousands)	\$506	\$395	\$567	\$609,620	\$633,751	\$674,084	\$723,235	\$639,626	\$779,575	\$882,878

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Definitions of Terms and Source Notes

<http://www.labormarketinfo.edd.ca.gov/LMID/Size of Business Data.html>

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>
6/30/2014	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
6/30/2022	856	2,822	3,678	281	3,959
6/30/2023	N/A	N/A	N/A	N/A	N/A

Data Source: 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>
1/1/2014	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
1/1/2022	91,437	9,048	13,055	25,779	5,806
1/1/2023	92,109	9,489	12,783	26,046	5,538

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
6/30/2014	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
6/30/2022	9	4	44	7
6/30/2023	9	4	42	7

Other Operating and Capacity Indicators			
Fiscal Year	Authority Area (Square Miles)	Landfill Acreage	Daily Landfill Capacity (tons)
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
6/30/2022	3,280.600	943	1,574
6/30/2023	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	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Finance & Administration										
Vehicles	1	2	2	2	2	2	2	2	2	2
Computer Equipment	10	9	9	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	26,400	26,400
Operations										
Vehicles	14	17	26	26	26	26	27	29	29	30
Machinery & Equipment										
Forklifts/Hydraulic Lifts	2	2	2	2	2	2	3	3	4	4
Heavy Equipment	7	10	13	15	15	15	18	18	18	22
Water Truck	1	3	4	4	4	4	4	4	4	4
Bulldozers	-	2	2	2	2	2	3	3	3	3
Computer Equipment	8	9	9	9	9	9	10	10	10	10
Fuel Tanks	2	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	5	5	5	5	5	5	5
Site Security Systems	1	1	3	4	4	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	7	7	7	7
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	1	1
Food Waste De-Packaging System	-	-	-	-	-	1	1	1	1	1
Composting System	-	-	-	-	-	-	1	1	1	1
Resource Recovery										
Vehicles	3	2	3	4	4	4	4	4	4	4
Computer Equipment	5	6	6	6	6	6	6	6	6	6

Data Source: Salinas Valley Solid Waste Authority Finance Division



1

Annual Comprehensive Financial Report

- Auditors
 - McGilloway, Ray, Brown & Kaufman
- Finance Staff
 - Ray Hendricks – Finance and Administration Manager
 - Ernesto Natera – Business Services Supervisor
 - Salma Sandoval - Accounting Technician
 - Linda Vasquez – Accounting Technician

2

Report Highlights

- Annual Comprehensive Financial Report
 - Includes Statistical Section
 - Will be submitted to Government Finance Officers Association after the board meeting for review under the Certificate of Achievement for Excellence in Financial Reporting
 - No Management Letter

3

New GASB Pronouncements

- Statement No. 91
 - Conduit Debt Obligations
- Statement No. 94
 - Public-Private and Public-Public Partnerships and Availability Payments Arrangements
- Statement No. 96
 - Subscription-Based Information Technology Arrangements
- Statement No. 99
 - Omnibus 2022

4

Financial Highlights

- Operating Revenues (p.6)
 - Decrease \$ 451,437
- Operating Expenses (p.6)
 - Increased \$ 753,653
 - Personnel Increase \$6,021,507
 - Closure/Post-Closure Decrease (\$4,996,029)
 - Depreciation Decrease (\$817,130)
 - Other Operating Increases \$545,305
- Tons Landfilled (p.8)
 - Decreased 12,126 tons

5

Salinas Valley Solid Waste Authority
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	2023	2022	Change	% Change
Operating Revenues				
Charges for Services	\$ 24,173,300	\$ 24,387,160	\$ (213,860)	-0.9%
Sales of Materials	562,930	800,507	(237,577)	-29.7%
Total Operating Revenues	24,736,230	25,187,667	(451,437)	-1.8%
Operating Expenses	18,808,894	18,055,241	753,653	4.2%
Operating Income/(Loss)	5,927,336	7,132,426	(1,205,090)	-16.9%
Non-Operating Revenues				
Grants and Contributions	157,464	82,152	75,312	91.7%
Investment (Losses)/Earnings	680,979	(323,781)	1,004,760	-310.3%
Other Non-Operating Revenue	274,601	23,611	250,990	1063.0%
Total Non-Operating Revenue	1,113,044	(218,018)	1,331,062	-610.5%
Non-Operating Expenses				
Interest Expense	(725,758)	(776,122)	50,364	-6.5%
Bond Issuance Cost	-	(371,882)	371,882	0.0%
Total Non-Operating Expenses	(725,758)	(1,148,004)	422,246	-36.8%
Change in Net Position	6,314,622	5,766,404	548,218	9.5%
Total Net Position Beginning	30,680,209	24,913,805	5,766,404	23.1%
Net Position End of Year	\$ 36,994,831	\$ 30,680,209	\$ 6,314,622	20.6%

6

Salinas Valley Solid Waste Authority
Condensed Statement of Net Position
June 30, 2023 and 2022

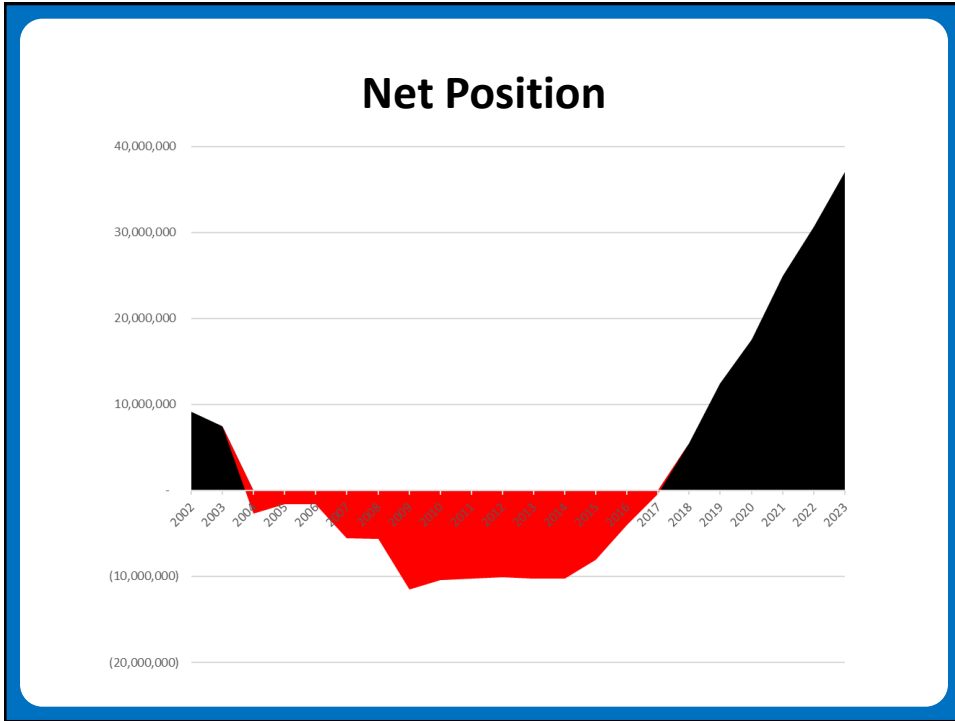
	2023	2022	Change	% Change
Assets:				
Current Assets	\$ 34,100,625	\$ 30,120,743	\$ 3,979,882	13.2%
Other Assets	5,171,874	7,106,221	(1,934,347)	-27.2%
Capital Assets, Net	41,537,685	42,210,712	(673,027)	-1.6%
Total Assets	80,810,184	79,437,676	1,372,508	1.7%
Deferred Outflows of Resources	3,440,113	4,236,503	(796,390)	-18.8%
Liabilities:				
Current Liabilities	5,438,472	5,437,955	517	0.0%
Long Term Liabilities	41,160,565	46,634,075	(5,473,510)	-11.7%
Total Liabilities	46,599,037	52,072,030	(5,472,993)	-10.5%
Deferred Inflows of Resources	656,429	921,940	(265,511)	-
Net Position				
Net Investment in Capital Assets	19,855,926	15,430,661	4,425,265	28.7%
Restricted	2,437,198	6,427,906	(3,990,708)	-62.1%
Unrestricted	14,701,707	8,991,642	5,710,065	63.5%
Total Net Assets (Deficit)	\$ 36,994,831	\$ 30,850,209	\$ 6,144,622	19.9%

7

Net Position

	2023	2022	Change
Fixed Assets (Net)	41,537,685	42,210,712	(673,027)
Debt (Net)	(24,383,539)	(26,942,706)	2,559,167
Net Change Investment in Capital Assets	17,154,146	15,268,006	1,886,140
 OPEB/Pension (Net)	1,348,478	3,740,444	(2,391,966)
Restricted Cash for Pension	392,106	250,268	141,838
Net OPEB/Pension	1,740,584	3,990,712	(2,250,128)
 Post Closure Payable	(15,064,650)	(18,511,238)	3,446,588
Closure Payable	(3,026,078)	(2,744,273)	(281,805)
Total Closure/Post Closure	(18,090,728)	(21,255,511)	3,164,783
 Cash/Receivables/Payables (Net)	36,190,829	32,677,002	3,513,827
			-
Total Net Position/(Deficit)	36,994,831	30,680,209	6,314,622

8



9

Salinas Valley Solid Waste Authority -Audit Presentation-

Jacinto Acosta Bernal
Audit Manager

McGilloway, Ray, Brown & Kaufman
Accountants & Consultants

10

Required Auditor Communications Letter

- Management is responsible for the selection and use of appropriate accounting policies.
- All required GASB statements were adopted as described in Note 1.
- We noted no transactions entered into by the Authority during the year for which there is lack of authoritative guidance or consensus.
- All significant transactions have been recognized in the financial statements in the proper period.
- Accounting Estimates – allowance for uncollectible accounts, capitalization and depreciation of fixed assets and landfills, closure and postclosure liability, pension liability, other postemployment benefits, and deferred outflows and inflows of resources.
 - Evaluated the underlying assumptions in estimates and found them to be appropriate.



11

Required Auditor Communications Letter (continued)

- Sensitive Financial Statement Disclosures - Note 10, Landfill Closure and Postclosure Requirements; Note 12, Retirement Programs; Note 13, Other Postemployment Benefit (OPEB); Note 15, Commitments and Contingencies; and Note 16, Leases.
- We encountered no difficulties in working with management in performing the audit and found that staff was well prepared and provided us all of the documentation requested.
- Management Consultations with Other Independent Accountants – None
- Timing of the audit – Timing went according to schedule and we found no delays, and we had no disagreements with management.
- Other Matters – Required Supplementary Information, Other Information accompanying the financial statements that are not RSI, Restriction on Use.



12

Uncorrected Misstatements

No Material Adjustments!



13

Management Letter
Material Deficiency

None noted!



14



Report to the Executive Committee

ITEM NO. 4

Finance and Administration Manager,
Controller/Treasurer

General Manager/CAO

R. Santos by E.T.

Authority General I Counsel

Date: November 2, 2023

From: C. Ray Hendricks, Finance and Administration Manager

Title: A Resolution Approving the Allocation of Cash Balances for Fiscal Year 2022-23, and Supplemental Appropriation to Fund Adjustments to the Operating and Capital Improvement Budgets

RECOMMENDATION

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

STRATEGIC PLAN RELATIONSHIP

This is a routine annual financial item.

FISCAL IMPACT

This item designates cash balances at year-end June 30, 2023. Supplemental appropriations of \$680,000 will be made to fund the paydown of the Unfunded Actuarial Liability (UAL) for the CalPERS retirement program. Supplemental appropriations of \$300,000 will be made to the Capital Improvement Projects (CIP) budget for initial engineering and concept design work for the Johnson Canyon Entrance Facility re-design, and Crazy Horse Transfer Station concept engineering and cost estimating. These supplemental appropriations will be funded using cash balances on June 30, 2023 prior to the allocation to designated reserves in accordance with Board policy.

(continued to next page)

DISCUSSION & ANALYSIS

To determine the surplus cash balance on June 30, 2023, the total of cash and investments at June 30, 2023 was reduced by the funds held by legal agreements, committed by Board policy, held in trust, or previously committed or assigned to Budget by Board direction. Calculations are as follows:

Cash Balance at 06-30-2023	<u>36,762,914.75</u>
<u>Restricted by Legal Agreement</u>	
JC Closure Fund	5,071,170.49
CEPPT Restricted Fund	392,106.16
State Grants	230,348.42
<u>Funds Held in Trust</u>	
Employees FSA Trust	3,240.25
CCRMC Trust	67,227.42
<u>Committed by Board Policy</u>	
Designated for Capital Projects Reserve	3,581,124.98
Designated for Operations Reserve	3,180,000.00
Designated for Environmental Impairment Reserve	2,516,999.45
Expansion Fund	<u>4,835,885.73</u>
<u>Assigned by Budget</u>	
Assigned to Capital Projects	11,358,235.19
Supplemental CIPs Approved by Board	-
Assigned to Crazy Horse Post-Closure	902,779.35
Assigned to Lewis Road Post-Closure	230,972.78
Assigned to Johnson Canyon Post-Closure	2,462,141.00
Assigned to Jolon Road Post-Closure	<u>143,246.37</u>
Total Available for Surplus Allocation at 06-30-2023	<u>1,787,437.16</u>

Allocating these funds based on the Financial Policies would be as follows:

Total Available for Surplus Allocation at 06-30-2023	1,787,437.16
UAL Paydown (Per Financial Policies)	<u>(680,000.00)</u>
Allocated Amount	<u>1,107,437.16</u>
Capital Projects Reserve (60%)	664,462.30
Operations Reserve (20%)	221,487.43
Environmental Impairment Reserve (20%)	<u>221,487.43</u>
Total Surplus Allocation	<u>1,107,437.16</u>

Staff recommends adjusting the surplus allocation as follows:

Total Surplus Allocation	1,787,437.16
Supplemental Appropriations	<u>(300,000.00)</u>
Adjusted Surplus Allocation	<u>1,487,437.16</u>
Total Available for Surplus Allocation at 06-30-2023	1,487,437.16
UAL Paydown (Per Financial Policies)	<u>(680,000.00)</u>
Allocated Amount	<u>807,437.16</u>
Capital Projects Reserve (69.6%)	561,949.73
Operations Reserve (10.4%)	84,000.00
Environmental Impairment Reserve (20%)	<u>161,487.43</u>
Total Surplus Allocation	<u>807,437.16</u>

Operating Budget Adjustments – UAL Paydown (\$680,000)

The financial policies call for any undesignated cash balance to be first used to pay down any Unfunded Actuarial Liability (UAL) to the CalPERS retirement accounts. The operating budget includes an amount for either the paydown of the UAL or for a deposit to the California Employers' Pension Prefunding Trust (CEPPT) to be used to pay down the UAL when they occur. It has been a few years since the last time there was a UAL and funds had been set aside in the trust. The Board has approved a budget adjustment to use the funds set aside and a paydown of \$500,000 has already been made. If paid on November 17, 2023, the remaining balance is \$680,000. The UAL is essentially a 20-year loan at 6.8% interest. Paying this off early saves the Authority \$1.2 million over the next 20 years.

CIP Budget adjustment (\$300,000)

At the August 17, 2023 Board meeting, the Board approved proceeding with concept design and cost analysis for a North County Public Transfer Station located at Crazy Horse Landfill. Staff is requesting \$100,000 to begin this work. A budget adjustment using the undesignated fund balance is requested to cover this amount.

With the closure of the Sun Street Transfer Station, Johnson Canyon has had increases to its monthly traffic by up to 62%, with some days seeing more than three times the traffic when compared to the previous year. Staff is expecting this trend to not only continue but increase over time. The site needs additional queuing space in order to keep vehicles off of the roadway and the Authority in compliance with its operating permit. This will require moving the entrance to the facility. Staff is requesting \$200,000 to begin this work. Once the initial work is completed, staff will bring forward to the Board for approval, which will include a request for funds to build the actual entrance facility. A budget adjustment using the undesignated fund balance is requested to cover this amount.

Operations Reserve

The funding goal for the operations reserve is 15% of the operating budget. The Operating Budget Reserve was fully funded on June 30, 2022. An allocation of **\$84,000** to the operations reserve will keep it fully funded at 15% of the operating budget in accordance with the Board's Financial Policies. The difference will be allocated to the Capital Projects 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, or unanticipated events. Following is a summary of the operations reserve balance if approved:

Designated for Operations Reserve

Balance at 06-30-2023	3,180,000.00
FY 2022-23 Surplus Allocation	84,000.00
Ending Balance (Goal \$3.26M)	<u>3,264,000.00</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	\$ 508,744	\$ 434,105	\$ -	\$ 942,849
Crazy Horse	3,973,516	8,995,132	-	12,968,648
Jolon Road	-	1,778,941	-	1,778,941
Lewis Road	149,878	276,058	42,752	468,688
Total Corrective Actions	<u>\$ 4,632,138</u>	<u>\$ 11,484,236</u>	<u>\$ 42,752</u>	<u>\$ 16,159,126</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 stated 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 cost of the three sites. Allocating an additional **\$161,487.43** to this reserve brings the balance to 67.4% of the \$3.97 million capital funding goal for Corrective Action at Crazy Horse. The following is a summary of the balances if approved.

Designated for Environmental Impairment Reserve

Balance at 06-30-2023	2,516,999.45
FY 2022-23 Surplus Allocation	161,487.43
Ending Balance (Goal \$3.97M)	<u>2,678,486.88</u>

Capital Projects Reserve

The remaining **\$561,949.73** is to be allocated to the Capital Projects Reserve. This reserve is to be used for one-time capital needs. The following is a summary of the balances if approved.

Designated for Capital Projects Reserve

Balance at 06-30-2022	3,581,124.98
FY 2021-22 Surplus Allocation	561,949.73
Ending Balance	<u>4,143,074.71</u>

BACKGROUND

On May 19, 2022, the Board approved the updated financial policies. Section 3 (Fund Balance/Reserves) of this document designates how the fund balance will be allocated.

After completion of the annual audit, any undesignated cash balance will be first used to pay down any Unfunded Actuarial Liability to the CalPERS retirement accounts. Remaining funds shall 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.

ATTACHMENT(S)

1. Resolution
2. Exhibit A - Allocation of Cash Balances for FY 2022-23 Sheet
3. Resolution 2022-21, Financial Policies

RESOLUTION NO. 2023 –

**A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY
APPROVING THE ALLOCATION OF CASH BALANCES FOR FISCAL YEAR 2022-23 AND
SUPPLEMENTAL APPROPRIATIONS TO THE OPERATING AND CAPITAL IMPROVEMENT BUDGETS**

WHEREAS, the Board of Directors of the Salinas Valley Solid Waste Authority approved the revised financial policies by adoption of Resolution No. 2022-21; and,

WHEREAS, the Fiscal Year 2022-23 fund balance is to be allocated as follows: Any undesignated cash balance will be first used to pay down any Unfunded Actuarial Liability to the CalPERS retirement accounts with remaining funds allocated to reserves using the following methodology: Operating Reserves (20%), Capital Projects Reserves (60%), and Environmental Impairment Reserves (20%) unless otherwise approved by the Board; and,

WHEREAS, \$300,000 is needed to fund initial engineering and concept design work for both the Johnson Canyon Entrance Facility, and the North County 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 2022-23, attached hereto and marked "Exhibit A" is hereby approved; and,

BE IT FURTHER RESOLVED, that a Supplemental Operating Appropriation of \$680,000 pay down the Unfunded Actuarial Liability to the CalPERS retirement accounts is hereby approved; and,

BE IT FURTHER RESOLVED, that Supplemental Capital Improvement Projects Appropriations of \$200,000 for the Johnson Canon Entrance Facility (CIP), and \$100,000 for the North County Transfer Station (CIP) are hereby approved; 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 16th day of November 2023, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Anthony Rocha, 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 2022-23 CASH BALANCES

Johnson Canyon Facility Entrance (CIP)	200,000.00
North County Public Transfer Station (CIP)	100,000.00
Operating Budget Adjustments (UAL)	680,000.00
Capital Projects Reserve	561,949.73
Environmental Impairment Reserve	161,487.43
Operations Reserve	<u>84,000.00</u>
Total Surplus Allocation	<u><u>1,787,437.16</u></u>

RESOLUTION NO. 2022 – 21

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. 2021-48 on November 18, 2021; and,

WHEREAS, a recent review of the policies found that the capitalization threshold did not match actual practice; and,

WHEREAS, maintaining a fully funded retirement program has been a priority of the agency; and,

WHEREAS, the Authority strives to promote transparency in its fiscal affairs and fiscal accountability; 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 19th day of May 2022, by the following vote:

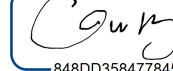
AYES:	BOARD MEMBERS:	CRAIG, CROMEENES, CULLEN, JIMENEZ, LOPEZ, PHILLIPS, ROCHA, SILVA, TIPTON
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NOES:	BOARD MEMBERS:	NONE
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ABSENT:	BOARD MEMBERS:	NONE
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ABSTAIN:	BOARD MEMBERS:	NONE
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DocuSigned by:



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Christopher M. Lopez, President

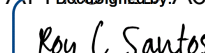
ATTEST, DocuSigned by:



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Erika J. Trujillo, Clerk of the Board

APPROVED AS TO FORM:



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Roy C. Santos, Authority General Counsel

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 first used to pay down any Unfunded Actuarial Liability to the CalPERS retirement accounts. Remaining funds shall 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.

C. 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.

D. 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

E. 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.

F. 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

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 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.

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 post closure 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. Post closure Funding

In accordance with the Financial Assurances, the Authority shall fund post closure 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 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 \$15,000 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 \$15,000 or more.

Salinas Valley Solid Waste Authority Financial Policies

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 \$15,000.
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 that extend the useful life of the related capital asset will be subject to capitalization if the cost exceeds \$15,000.
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 \$15,000 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 \$15,000 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.



Item No. 4

SalinasValley
Recycles.org

SALINAS VALLEY
SOLID WASTE AUTHORITY

Surplus Allocation
FY 2022-23
November 2, 2023

Published 10/26/23

1

Available Balance Calculations	
Cash Balance at 06-30-2023	36,762,914.75
<u>Restricted by Legal Agreement</u>	
JC Closure Fund	5,071,170.49
CEPPT Restricted Fund	392,106.16
State Grants	230,348.42
<u>Funds Held in Trust</u>	
Employees FSA Trust	3,240.25
CCRMC Trust	67,227.42
<u>Committed by Board Policy</u>	
Designated for Capital Projects Reserve	3,581,124.98
Designated for Operations Reserve	3,180,000.00
Designated for Environmental Impairment Reserve	2,516,999.45
Expansion Fund	4,835,885.73
<u>Assigned by Budget</u>	
Assigned to Capital Projects	11,358,235.19
Supplemental CIPs Approved by Board	-
Assigned to Crazy Horse Post-Closure	902,779.35
Assigned to Lewis Road Post-Closure	230,972.78
Assigned to Johnson Canyon Post-Closure	2,462,141.00
Assigned to Jolon Road Post-Closure	143,246.37
Total Available for Surplus Allocation at 06-30-2023	1,787,437.16

2

Financial Policy

Total Available for Surplus Allocation at 06-30-2023	1,787,437.16
UAL Paydown (Per Financial Policies)	<u>(680,000.00)</u>
Allocated Amount	<u>1,107,437.16</u>
Capital Projects Reserve (60%)	664,462.30
Operations Reserve (20%)	221,487.43
Environmental Impairment Reserve (20%)	<u>221,487.43</u>
Total Surplus Allocation	<u>1,107,437.16</u>

3

Recommended Allocation

Total Surplus Allocation	1,787,437.16
Supplemental Appropriations	<u>(300,000.00)</u>
Adjusted Surplus Allocation	<u>1,487,437.16</u>
Total Available for Surplus Allocation at 06-30-2023	1,487,437.16
UAL Paydown (Per Financial Policies)	<u>(680,000.00)</u>
Allocated Amount	<u>807,437.16</u>
Capital Projects Reserve (69.6%)	561,949.73
Operations Reserve (10.4%)	84,000.00
Environmental Impairment Reserve (20%)	<u>161,487.43</u>
Total Surplus Allocation	<u>807,437.16</u>

4

Supplemental Appropriations

- UAL Paydown (Operations Budget)
 - \$680,000
- Johnson Canyon Facility Entrance (CIP)
 - \$200,000
- North County Public Transfer Station (CIP)
 - \$100,000

5

Reserve Balances on 11-16-2023

Designated for Capital Projects Reserve

Balance at 06-30-2022	3,581,124.98
FY 2021-22 Surplus Allocation	561,949.73
Ending Balance	<u>4,143,074.71</u>

Designated for Environmental Impairment Reserve

Balance at 06-30-2023	2,516,999.45
FY 2022-23 Surplus Allocation	161,487.43
Ending Balance (Goal \$3.97M)	<u>2,678,486.88</u>
	67.4%

Designated for Operations Reserve

Balance at 06-30-2023	3,180,000.00
FY 2022-23 Surplus Allocation	84,000.00
Ending Balance (Goal \$3.26M)	<u>3,264,000.00</u>
	100.0%

6



7

SVR Agenda Item - View Ahead 2023-24

ITEM No. 5

	Nov	Dec	Jan	Feb	Mar	Apr
A	Employee of the Year Recognition		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	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report
4	3rd Qtr. Tonnage & Diversion Report	Strategic Planning Session	December 31 Cash & Investments Report	4th Qtr. Tonnage & Diversion Report	Public Hearing:	March 31 Cash & Investments Report
5	Audit Report Previous FY (EC)		JCLF Lease Agreement w/Pacific Carbon Capture, LLC	FY 22-23 Preliminary Budget (EC)	New FY 22-23 Budget (EC)	Earth day/Recycling Recognition
6	Fund Balance Reserves (EC)		Annual Employee Survey Results (EC)			
7	New Officers Nominating Committee		Operations and Environmental Compliance Update			
8	Annual Franchise Haulers Performance Report		FY 22-23 Budget Direction (EC)			
9	GM Evaluation (EC)					
10						

Consent

Presentation

Consideration

Closed Session

【Other】 (Public Hearing, Recognition, Informational, etc.)

(EC) Executive Committee

(sp) Strategic Plan Item