

**SALINAS VALLEY
SOLID WASTE AUTHORITY**
Monterey County, California



**ANNUAL COMPREHENSIVE FINANCIAL
REPORT For the Fiscal Year Ended June 30, 2023**

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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

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INTRODUCTORY SECTION



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

November 2, 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 Annual Comprehensive Financial Report for the year ended June 30, 2022. 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
for Excellence
in Financial
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

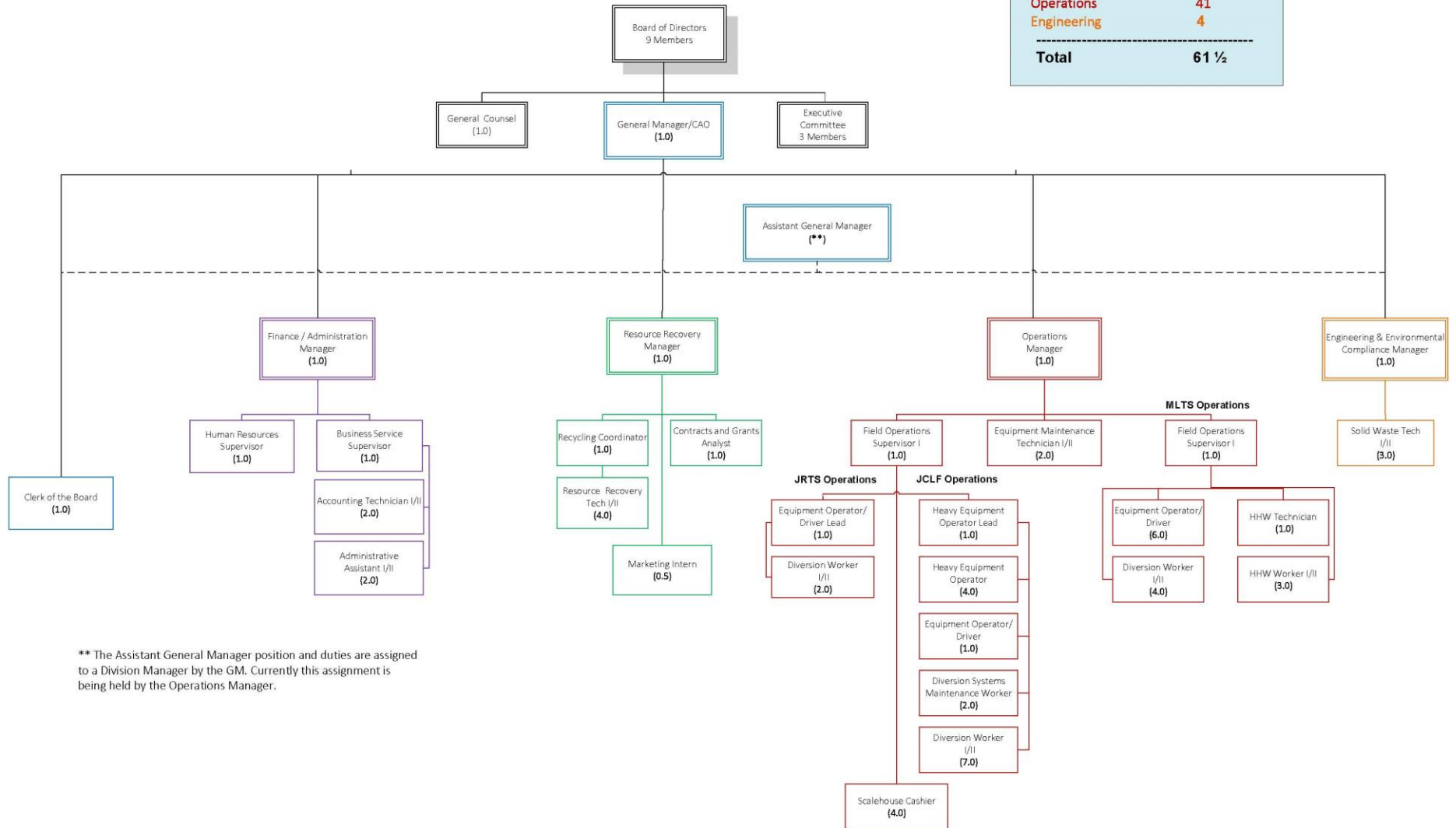
C. Ray Hendricks
Finance & Administration
Manager/Treasurer/Controller

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



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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

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

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

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
Salinas, California
November 2, 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, 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)	-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	<u>\$ 36,994,831</u>	<u>\$ 30,680,209</u>	<u>\$ 6,314,622</u>	<u>20.6%</u>

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	-100.0%
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 \$4,996,029 due CPI increases of 7.0% to the liability for all sites, an adjustment in the closure and postclosure estimate for Crazy Horse Canyon 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, along 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.

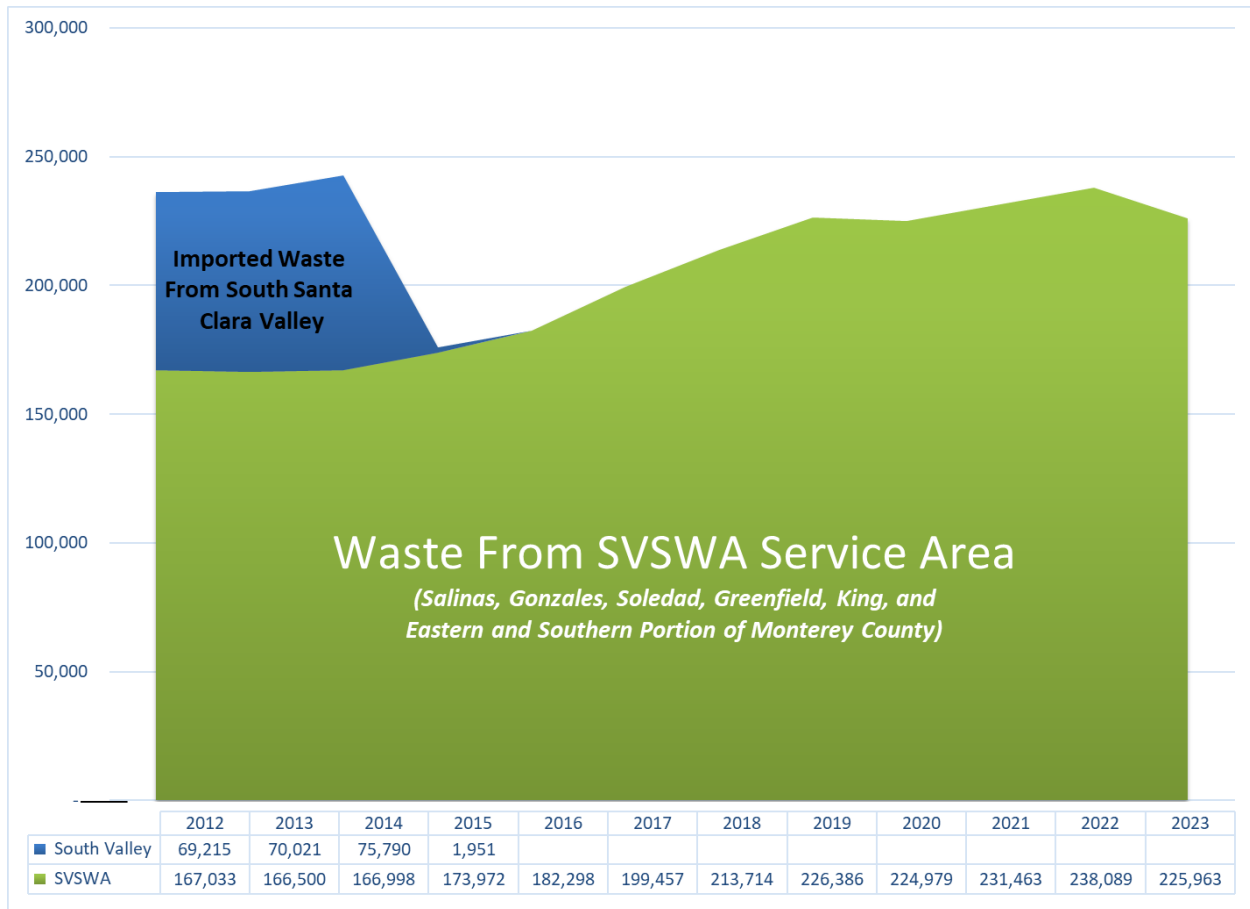
**SALINAS VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 Earnings (Losses)	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 Revenues (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	-
Change 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.

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

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

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

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

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

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

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

Capital Assets: Capital assets which include property, plant, equipment, and landfills are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$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

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

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.

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

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

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.

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

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

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.

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-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	<u>33,872,384</u>
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.

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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.

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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>

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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
	<hr/>
Total Receivables	2,414,488
Allowance for Doubtful Accounts	(9,899)
	<hr/>
Total Receivables, Net	<u><u>\$ 2,404,589</u></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
	<hr/>
	<u><u>\$ 1,213,240</u></u>

SALINAS VALLEY SOLID WASTE AUTHORITY
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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	<u>1,754,605</u>	<u>120,667</u>	<u>(209,700)</u>	<u>1,665,572</u>
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	<u>85,150,051</u>	<u>2,063,063</u>	<u>(930,297)</u>	<u>86,282,817</u>
Less Accumulated Depreciation	<u>(44,693,944)</u>	<u>(2,625,511)</u>	<u>908,751</u>	<u>(46,410,704)</u>
Total Depreciable Assets, Net	<u>40,456,107</u>	<u>(562,448)</u>	<u>(21,546)</u>	<u>39,872,113</u>
Total Capital Assets, Net	<u>\$ 42,210,712</u>	<u>\$ (441,781)</u>	<u>\$ (231,246)</u>	<u>\$ 41,537,685</u>

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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	<u>600,741</u>	<u>123,621</u>	<u>(46,665)</u>	<u>677,697</u>
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	<u>18,511,238</u>	<u>1,385,207</u>	<u>(4,831,795)</u>	<u>15,064,650</u>	<u>591,691</u>
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>

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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

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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.

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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 \$229,287 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.

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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.

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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 was 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 as follows:

	<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%

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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.

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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.

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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 Earnings on Pension Plan Investments is amortized over the remaining amortization periods. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience and Changes of Assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARSL for PERF C for the 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

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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

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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	<u>\$ 75,300</u>
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:

	Total OPEB Liability	Fiduciary Net Position (b)	Net OPEB Liability (Asset)
<u>Changes in Net OPEB Liability</u>	<u>(a)</u>	<u>(b)</u>	<u>(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	<u>144,935</u>	<u>13,910</u>	<u>131,025</u>
Balance at June 30, 2023 (Measure Date June 30, 2022)	<u>\$ 1,179,834</u>	<u>\$ 1,104,534</u>	<u>\$ 75,300</u>

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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.

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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.

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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.

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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>

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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 \$68,591 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 \$138,473.

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
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16. Related Parties:

The Authority entered into a MOU with the City of Gonzales for mitigation issues for hosting the landfill, under this agreement, the Authority will pay the City \$20,833 per month commencing on the date of closure of the Crazy Horse landfill until the initial landfill expansion is entirely filled up by disposed solid waste.

Monterey County Environmental Health serves as the Local Enforcement Agency (LEA) for CalRecycle. They are empowered by CalRecycle to implement programs, locally designated activities, and has primary responsibility for ensuring the correct operation and closure of solid waste facilities. The Authority paid Monterey County Environmental Health \$83,922 in LEA permit fees for its facilities and an additional \$111,279 for its share of \$496,080 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	<u>2,516,999</u>
	9,278,124
Undesignated	<u>5,423,583</u>
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%.

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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 of 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 2, 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.

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

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Debt Capacity - These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.

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Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

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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	(As Restated)	6/30/2023
									6/30/2022	
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	6,257,906	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	8,991,642	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
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

Fiscal Year	Solid Waste Landfilled (tons)
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	<u>283,079</u>	<u>100.00%</u>

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	<u>279,180</u>	<u>100.00%</u>

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 Bonds Premium	2014 Series B Bonds Payable	Eq Lease Payable	2020 Series A Bonds Payable	Total		
						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	18,572
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

- (1) Data are confidential if there are fewer than 3 businesses in a category or one employer makes up 80 percent or more of the employment in a category.
- (2) Data are suppressed because confidential data could be extrapolated if these totals were included.
- (3) Data do not include totals for government employment.
- (4) Data is reported at September 30 each year.
- (5) Data for the mining industry is combined with the construction industry beginning in 2008
- (6) Rules instituted by the Federal Bureau of Labor Statistics after September 11, 2001, prohibit state departments of labor or economic security from publicly identifying the names of individual employers.
- (7) 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

Fiscal Year	Other Operating and Capacity Indicators		
	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