



CITY OF SALINAS

**Presentation to the Finance Committee
For the Fiscal Year Ended June 30, 2025**

February 3, 2026



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REQUIRED COMMUNICATIONS (AU- C 260)

Required Communications (AU-C 260)

- **Independence**
 - We complied with ALL relevant requirements regarding independence
- **Significant Accounting Policies**
 - The City disclosed all significant accounting policies in Note 2 to the financial statements.
 - The City implemented GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*
- **Significant Estimates**
 - Fair market value on investments
 - Depreciation/amortization on capital assets
 - Proportional share of joint ownership for investment in joint venture (CSD only)
 - Liability for unused sick leave / “more likely than not” amount
 - Net pension liability actuarial inputs
 - Net other postemployment benefit liability actuarial inputs

Required Communications (AU-C 260)

- **Sensitive Disclosures**
 - Note 1 – Summary of Significant Accounting Policies
 - Note 2 – Stewardship, Compliance, and Accountability
 - Note 12 – Long-Term Debt
 - Note 16 – Retirement Programs
 - Note 17 – Other Post-Employment Benefits (OPEB)
 - Note 18 – Net Position and Fund Balances
 - Note 19 – Other Required Disclosures
 - Note 22 – Changes to or within the Financial Reporting Entity
- **Misstatements**
 - There were no uncorrected misstatements reported.
- **Consultation with Other Accountants**
 - There were no consultations with other accountants regarding audit-related matters.

Required Communications (AU-C 260)

- **Significant Difficulties**
 - We encountered no significant difficulties in dealing with management.
- **Disagreements with Management**
 - We did not have any disagreements with management in terms of accounting treatments or audit procedures performed.
- **Non-Authoritative Guidance**
 - We did not come across any instances where transactions occurred that did not have authoritative guidance.



AUDIT RESPONSIBILITIES



MANAGEMENT'S RESPONSIBILITIES

- Responsible for the financial statements
- Present the financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP)
- Adopt sound accounting policies
- Establish and maintain internal controls over financial reporting and compliance
- Provide evidence supporting the amounts and disclosures in the financial statements
- Fair presentation of financial statements that are free from material misstatements, whether due to fraud or error
- Prevent and detect fraud

AUDITORS' RESPONSIBILITIES

- Perform the audit in conformity with Auditing Standards Generally Accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States
- Communicate with “Those Charged with Governance”
- Assess audit risk of internal control over financial reporting
- Determine the fairness of the presentation of the financial statements
- Render an opinion on the financial statements
- Issue recommendations to management, if any



OVERVIEW OF THE FINANCIAL STATEMENTS



City of Salinas
Government-Wide
Condensed Statement of Net Position – Governmental Activities
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Assets	\$ 617,519,002	\$ 611,392,288	\$ 6,126,714	1.0%
Deferred Outflows of Resources	55,743,612	69,786,809	(14,043,197)	(20.1%)
Liabilities	440,094,812	472,959,695	(32,864,883)	(6.9%)
Deferred Inflows of Resources	17,420,386	21,006,643	(3,586,257)	(17.1%)
Net Position				
Net investment in capital assets	221,270,561	223,199,988	(1,929,427)	(0.9%)
Restricted	123,726,335	89,559,884	34,166,451	38.1%
Unrestricted	(129,249,480)	(125,547,113)	(3,702,367)	2.9%
Total Net Position	<u>\$ 215,747,416</u>	<u>\$ 187,212,759</u>	<u>\$ 28,534,657</u>	<u>15.2%</u>

City of Salinas
Government-Wide
Condensed Statement of Net Position – Business-Type Activities
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Assets	\$ 83,018,916	\$ 86,492,102	\$ (3,473,186)	(4.0%)
Deferred Outflows of Resources	1,549,629	2,265,033	(715,404)	(31.6%)
Liabilities	26,436,134	28,930,302	(2,494,168)	(8.6%)
Deferred Inflows of Resources	4,819,172	5,378,532	(559,360)	(10.4%)
Net Position				
Net investment in capital assets	42,828,175	44,273,730	(1,445,555)	(3.3%)
Unrestricted	10,485,064	10,174,571	310,493	3.1%
Total Net Position	<u>\$ 53,313,239</u>	<u>\$ 54,448,301</u>	<u>\$ (1,135,062)</u>	<u>(2.1%)</u>

City of Salinas

Government-Wide Summary

Statement of Activities – Governmental Activities

For the Years Ended June 30, 2025 and 2024

	2025	2024	\$ Change	% Change
Program Revenues				
Charges for services	\$ 28,598,610	\$ 9,951,057	\$ 18,647,553	187.4%
Operating grants and contributions	46,428,658	39,160,212	7,268,446	18.6%
Capital grants and contributions	14,021,584	11,642,670	2,378,914	20.4%
Total revenues	89,048,852	60,753,939	28,294,913	46.6%
Expenses	(243,527,198)	(244,541,670)	1,014,472	(0.4%)
Net Cost of Services	(154,478,346)	(183,787,731)	29,309,385	(15.9%)
General Revenues				
Taxes	171,198,180	164,923,983	6,274,197	3.8%
Investment earnings	11,638,579	11,203,141	435,438	3.9%
Other	(3,234,633)	997,015	(4,231,648)	(424.4%)
Total general revenues	179,602,126	177,124,139	2,477,987	1.4%
Transfers (net)	3,410,877	644,120	2,766,757	429.5%
Change in net position	<u>\$ 28,534,657</u>	<u>\$ (6,019,472)</u>	<u>\$ 34,554,129</u>	<u>(574.0%)</u>

City of Salinas
Government-Wide Summary
Statement of Activities – Business-Type Activities
For the Years Ended June 30, 2025 and 2024

	2025	2024	\$ Change	% Change
Operating Revenues				
Charges for services	\$ 17,174,847	\$ 14,078,424	\$ 3,096,423	22.0%
Total revenues	17,174,847	14,078,424	3,096,423	22.0%
Expenses	(19,091,478)	(15,430,229)	(3,661,249)	23.7%
Operating Income	(1,916,631)	(1,351,805)	(564,826)	41.8%
Non-Operating Revenue (Expense)				
Investment earnings	1,032,269	925,646	106,623	11.5%
Other	3,160,177	3,082,484	77,693	2.5%
Total non-operating	4,192,446	4,008,130	184,316	4.6%
Transfers (net)	(3,410,877)	(644,120)	(2,766,757)	429.5%
Change in net position	<u>\$ (1,135,062)</u>	<u>\$ 2,012,205</u>	<u>\$ (3,147,267)</u>	<u>(156.4%)</u>

City of Salinas
General Fund
Condensed Balance Sheets
June 30, 2025 and 2024

	2025	2024	\$ Change	% Change
Assets	<u>\$ 127,971,430</u>	<u>\$ 124,398,014</u>	<u>\$ 3,573,416</u>	<u>2.9%</u>
Liabilities	<u>27,267,072</u>	<u>28,729,843</u>	<u>(1,462,771)</u>	<u>(5.1%)</u>
Deferred Inflows of Resources	<u>995,273</u>	<u>1,306,482</u>	<u>(311,209)</u>	<u>(23.8%)</u>
Fund Balance				
Nonspendable	2,785,000	2,785,000	-	0.0%
Restricted	10,000,000	10,000,000	-	0.0%
Committed	38,242,179	39,909,826	(1,667,647)	(4.2%)
Assigned	24,825,000	31,490,364	(6,665,364)	(21.2%)
Unassigned	<u>23,856,906</u>	<u>10,176,499</u>	<u>13,680,407</u>	<u>134.4%</u>
Total Fund Balance	<u>99,709,085</u>	<u>94,361,689</u>	<u>5,347,396</u>	<u>5.7%</u>
Total Liabilities, DI, and Fund Balance	<u>\$ 127,971,430</u>	<u>\$ 124,398,014</u>	<u>\$ 3,573,416</u>	<u>2.9%</u>

**City of Salinas
General Fund**

**Condensed Statement of Revenues, Expenditures and Changes in Fund Balance
For the Years Ended June 30, 2025 and 2024**

	2025	2024	\$ Change	% Change
Revenues	\$ 188,501,649	\$ 178,784,971	\$ 9,716,678	5.4%
Expenditures	<u>(152,952,006)</u>	<u>(144,244,342)</u>	<u>(8,707,664)</u>	<u>6.0%</u>
Revenue over expenditures	35,549,643	34,540,629	1,009,014	2.9%
Other financing sources/(uses)				
Transfers (net)	(30,441,888)	(25,537,702)	(4,904,186)	19.2%
Debt issuance	<u>239,641</u>	<u>-</u>	<u>239,641</u>	<u>n/a</u>
Total other financing sources/(uses)	<u>(30,202,247)</u>	<u>(25,537,702)</u>	<u>(4,664,545)</u>	<u>18.3%</u>
Change in fund balance	<u><u>\$ 5,347,396</u></u>	<u><u>\$ 9,002,927</u></u>	<u><u>\$ (3,655,531)</u></u>	<u><u>(40.6%)</u></u>



AUDIT RESULTS



Audit Results

- **Opinions**
 - *Unmodified Opinions issued to All Opinion Units*
 - Financial statements are fairly presented in all material respects
 - Accounting policies have been consistently applied
 - Estimates used are reasonable
 - Disclosures are properly reflected in the financial statements

Other Results

- No disagreements with management were noted
- No material weaknesses or significant deficiencies were identified in internal control over financial reporting and/or compliance (2025 federal Single Audit issuance still pending – no findings anticipated)
- No inappropriate activities or fraud, waste, or abuse were noted
- No accounting issues were noted where there was a lack of authoritative guidance



Thank you!

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