MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

ANNUAL REPORT

FOR THE YEARS ENDED

JUNE 30, 2016 AND 2015

Table of Contents

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

BOARD OF DIRECTORS

FOR THE YEARS ENDED

JUNE 30, 2016 AND 2015

Member	Office	Representing	Term Expires
Dennis Allion	Chair	Del Rey Oaks	December 2016
Ian Oglesby	Vice-Chair	Seaside	December 2016
Gary Bales	Director	Pacific Grove	December 2018
David Pendergrass	Director	Sand City	December 2016
Leo Laska	Director	Pebble Beach Community Services District	December 2019
Libby Downey	Director	Monterey	December 2018
Jane Parker	Director	Monterey County	December 2018
Bruce Delgado	Director	Marina	December 2016
Carrie Theis	Director	Carmel-By-The-Sea	December 2018
Timothy Flanagan	General Manager/ Secretary of the Board		

BKP
BIANCHI, KASAVAN & POPE, LLP

SALINAS OFFICE
450 LINCOLN AVENUE
SUITE 200
SALINAS, CA 93901

PHONE 831-757-5311
FAX 831-757-9529

BKPCPA.COM

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Monterey Regional Waste Management District
Marina, California

We have audited the accompanying financial statements of Monterey Regional Waste Management District (District), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and California regulations governing Special Districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 13, the schedule of changes in net pension liability and related ratios during the measurement period on pages 51 – 52, the schedule of pension plan contributions on page 52 – 53, and budgetary comparison information on pages 61 – 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining financial statements on pages 55 – 60 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Implementation of New Accounting Standards

As disclosed in Note 2 to the financial statements, the District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, during fiscal year 2016. Our opinion is not modified with respect to the matter.

Bianchi, Kasavan & Pope, LLP

Salinas, California
November 4, 2016

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

This section of Monterey Regional Waste Management District's (District) annual financial report presents a discussion and analysis of the District's performance during the fiscal year that ended June 30, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

The District was formed in 1951 under the California Health and Safety Code. The primary purpose of the District is to dispose of solid waste in the Monterey Peninsula area. The District's role has expanded to include the recovery of recyclable materials in the waste stream (cardboard, newspaper, glass, wood waste, plastic, metals, concrete, asphalt, reusable building materials and resale items) and to receive non-hazardous liquid wastes. In addition, the District operates a landfill gas to electrical energy system, with capacity to generate about 5,000 kilowatts of continuous power. The District also accepts household hazardous waste.

The Monterey Regional Waste Management Authority (Authority) was formed pursuant to the provisions of the Government Code of the State of California and a Joint Powers Agreement (JPA), dated April 1, 1993, by and between the cities of Carmel-by-the-Sea, Del Rey Oaks, Marina, Monterey, Pacific Grove, Sand City and Seaside. During the fiscal year ending June 30, 1996, the Pebble Beach Community Services District also became a member of the Authority. During the fiscal year ending June 30, 2015, Monterey County also became a member of the Authority. The Authority was formed to assist in the financing of public capital improvements, such as the design, acquisition and construction of additions, betterments and improvements to the District's facilities.

Accounting principles generally accepted in the United States of America require that these financial statements present the District (the primary government) and its component units. The Authority is included in the District's financial statements because of its significant financial relationship to the District.

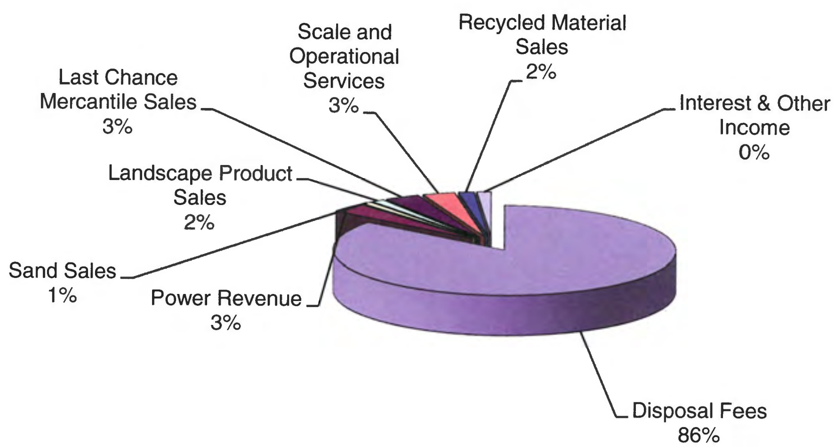
FINANCIAL HIGHLIGHTS

- Operating revenues increased by 10.7% to $24.6 million and operating expenses increased by 6.1% to $20.9 million.
- Capital expenditures for buildings, equipment and infrastructure were $25.1 million.
- Operating revenues were above budgeted revenues by $4.4 million. Operating expenses were above budgeted amounts by $0.7 million. Capital outlay was below budgeted amounts by $2.7 million. Non-operating revenues/expenses were favorable to budgeted levels by $0.6 million.

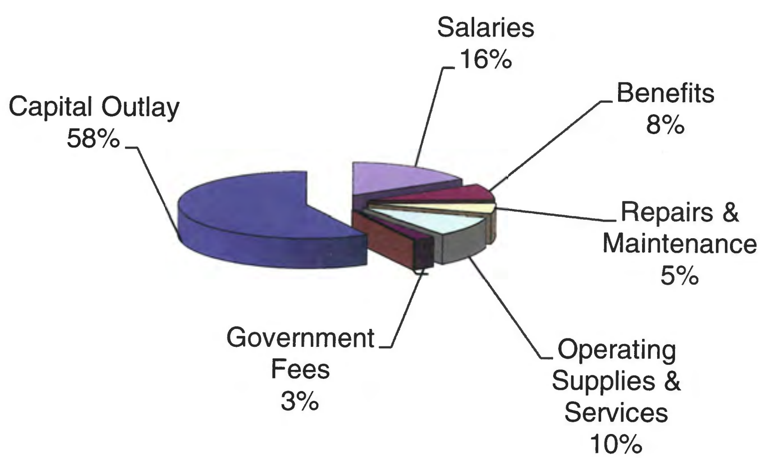
FINANCIAL HIGHLIGHTS (Continued)

The following figures show the District's sources of revenues and areas of expenditures for fiscal year 2016:

Sources of Revenue



Areas of Expenditures



OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of five parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, required supplementary information and other supplementary information.

The financial statements provide both long-term and short-term information about the District's financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of schedule of required supplementary information and a section of other supplementary information that further explains and supports the information in the financial statements.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Net Position

This Statement of Net Position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Net position is reported in three categories: Invested in Capital Assets – Net of Debt, Restricted and Unrestricted. Invested in Capital Assets – net of related debt is the cost of the District's buildings, equipment and infrastructure after deducting accumulated depreciation and debt still owed on these assets. Restricted assets are the funds the District is required to set aside for landfill closing/cleanup reserves and revenue bond proceeds that are restricted for the acquisition of Materials Recovery Facility Improvement Project and the Franchise Hauler Truck Parking and Maintenance Facility Project. The negative unrestricted portion of the Net Position is primarily the result of recording the Net Pension Liability in accordance with Governmental Accounting Standards Statement No. 68 (GASB 68).

The District's total net position at June 30, 2016, was approximately $33.9 million, a 11.2% increase over net position at June 30, 2015 (See Table A-1). Total assets and deferred outflows increased by 5.1% to $80.9 million and total liabilities and deferred inflows increased 1.1% to $47.0 million.

Table A–1
Net Position
(in thousands of dollars)

	2016	2015	2014	Change 2016 to 2015	Change 2015 to 2014
Current Assets	$ 13,468	$ 10,089	$ 11,767	33.5%	(14.3%)
Restricted Assets	11,927	33,024	2,140	(63.9%)	1,443.2%
Deposit	155	49	49	216.3%	-
Capital Assets–Net	53,934	32,763	25,863	64.6%	26.7%
Intangible Assets–Net	154	170	205	(9.4%)	(17.1%)
Total Assets	79,638	79,095	40,024	0.7%	90.1%
Deferred Outflows	1,216	815	-	49.2%	100.0%
Total Assets and Deferred Outflows	$ 80,854	$ 76,910	$ 40,024	5.1%	92.2%
Current Liabilities	$ 3,573	$ 2,497	$ 659	43.1%	278.9%
Non–Current Liabilities	7,938	6,656	1,095	19.2%	507.9%
Revenue Bonds Payable	30,786	31,885	-	(3.4%)	100.0%
Est. Closure/Post Closure Costs	4,001	3,778	3,572	5.9%	5.8%
Total Liabilities	46,298	44,816	5,326	3.3%	741.5%
Deferred Inflows	655	1,618	-	(59.5%)	100.0%
Net Position:					
Invested in Capital Assets– Net of Debt	29,440	28,441	26,068	3.5%	9.1%
Restricted	4,709	4,736	2,140	(0.6%)	121.3%
Unrestricted	(248)	(2,701)	6,490	(90.8%)	(141.6%)
Total Net Position	33,901	30,476	34,698	11.2%	(12.2%)
Total Liabilities, Deferred Inflows, and Net Position	$ 80,854	$ 76,910	$ 40,024	5.1%	92.2%

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Revenues, Expenses and Changes in Net Position

Operating revenues increased by 10.6% to $24,630,000 (See Table A-2). Some of the major impacts on District revenues are from:

- Revenues from disposal fees increased by 15.3% due primarily to the full year impact of a 7.25% increase in District refuse tipping fees on January 1, 2014, and by a 3.6% increase in overall tonnage received for processing and disposal.
- Power revenue decreased by 48.5% due primarily to the decrease in the market price for electricity, taking one of the engine/generators offline due to increased maintenance requirements to comply with air emissions and the premature failure of one engine.
- Recycled material sales decreased by 20.1% due primarily to decreased prices for commodities.
- Scale and operational services increased by 216.0% due primarily to a full year of services provided to the new franchise hauler.
- Sand sales were stable compared to the prior year.
- Last Chance Mercantile sales increased by 1.4% due to continued aggressive pricing and donations of higher valued items for resale.

Operating expenses increased by 6.1% to $20,862,000. Salaries increased by 2.1% or $151,000, due to the step increases and cost of living increase in the union contracts. Benefits increased by 3.0% due to increases in pension and workers compensation costs. Health insurance rates remained stable during the year. Repairs and maintenance increased by 9.1% or $184,000 due to increased repairs on mobile refuse handling and landfill gas-to-energy project equipment. Operating Supplies and Services increased by 20.4% or $720,000 from the cost of full year for providing services to the new franchise hauler. Taxes, licenses and permits increased by 8.3% due primarily to the increase in waste received subject to contract pricing.

The loss on the disposition of a landfill gas to energy engine compared to the cost of issuance for the 2015 Revenue Bonds was the only significant change from the prior year to non-operating revenues (expenses).

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Revenues, Expenses and Changes in Net Position (Continued)

Table A–2
Revenues, Expenses and Changes in Net Position
(in thousands of dollars)

	2016	2015	2014	Change 2016 to 2015	Change 2015 to 2014
Operating Revenues					
Disposal Fees	$ 21,302	$ 18,463	$ 17,161	15.4%	7.6%
Power Sales	815	1,584	2,505	(48.5%)	(36.8%)
Last Chance Mercantile Sales	822	810	691	1.5%	17.2%
Recycled Material Sales	378	473	633	(20.1%)	(25.3%)
Landscape Product Sales	308	438	444	(29.7%)	(1.4%)
Scale and Operational Services	763	242	203	216.0%	19.2%
Sand Sales	242	241	291	0.2%	(17.2%)
Total Operating Revenues	24,630	22,251	21,928	10.7%	1.5%
Operating Expenses					
Salaries	7,121	6,969	6,248	2.2%	11.5%
Employee Benefits	3,409	3,309	3,347	3.0%	(1.1%)
Depreciation and Amortization	2,497	2,605	2,590	(4.1%)	0.6%
Repairs and Maintenance	2,188	2,004	2,188	9.2%	(8.4%)
Operating Supplies, Services and Other Expenses	4,241	3,521	3,557	20.4%	(1.0%)
Taxes, Licenses and Permits	1,183	1,041	950	13.7%	9.6%
Closure/Post Closure Costs	223	206	191	8.3%	7.9%
Total Operating Expenses	20,862	19,655	19,071	6.1%	3.1%
Operating Income	3,768	2,596	2,857	45.1%	(9.1%)
Non-Operating Revenues (Expenses)					
Interest Income	89	65	61	37.3%	6.6%
Other Revenue (Expenses)	(432)	(374)	59	(15.6%)	(633.9%)
Interest Expense-Revenue Bonds and Capital Leases	-	-	(6)	-	100.0%
Total Non-Operating Revenues (Expenses)	(343)	(309)	114	10.9%	(271.1%)
Change in Net Position	3,425	2,287	2,971	49.7%	(23.0%)
Total Net Position-Beginning of Year	30,476	34,698	31,727	(12.2%)	(9.4%)
Prior Period Adjustment	-	(6,509)	-	100.0%	-
Beginning of Year, as restated	30,476	28,189	31,727	8.1%	(11.2%)
Total Net Position-End of Year	$ 33,901	$ 30,476	$ 34,698	11.2%	(12.2%)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Operating Expenses by Department

The increase in salary and benefits represents the majority of change for all the departments, except for the Landfill Gas Power's decreased salaries and benefits and LFG gas purchases partially offset by increased repair and maintenance costs, the Materials Recovery Facility's reduction in staff and maintenance costs were partially offset by the cost of haul recycled materials and depreciation expense and the Site/Landfill's decreases in cost of diesel fuel, equipment repairs and maintenance and government fees from decreased refuse. (Table A-3)

Table A-3
Operating Expenses by Department
(in thousands of dollars)

	Total Costs of Services			Change	
	2016	2015	2014	2016-2015	2015-2014
Admin/Organization	$3,648	$3,767	$3,668	(3.2%)	2.7%
Public Awareness	498	412	413	20.9%	(0.4%)
Household Haz. Waste	613	618	557	(0.8%)	11.0%
Last Chance Mercantile	1,281	1,100	992	16.5%	10.8%
Landfill Gas Power	2,470	2,398	2,621	3.0%	(8.5%)
Shop	1,220	1,152	1,108	5.9%	4.0%
Materials Recovery Fac.	4,993	4,981	4,612	0.2%	8.0%
Scales	591	535	628	10.5%	(14.9%)
Site/Landfill	5,548	4,694	4,470	18.2%	5.0%
	$20,863	$19,656	$19,071	6.1%	3.1%

	Revenues			Change	
	2016	2015	2014	2016-2015	2015-2014
Admin/Organization	$0	$0	$0	0.0%	0.0%
Public Awareness	0	0	0	0.0%	0.0%
Household Haz. Waste	25	29	28	(13.6%)	6.1%
Last Chance Mercantile	1,090	997	887	9.3%	12.4%
Landfill Gas Power	815	1,584	2,505	(48.6%)	(36.7%)
Shop	0	0	0	0.0%	0.0%
Materials Recovery Fac.	3,845	3,993	3,927	(3.7%)	1.7%
Scales	10	12	16	(19.5%)	(20.7%)
Site/Landfill	18,845	15,636	14,566	20.5%	7.3%
	$24,630	$22,251	$21,928	10.7%	1.5%

	Net Costs of Services			Change	
	2016	2015	2014	2016-2015	2015-2014
Admin/Organization	$3,648	$3,767	$3,668	(3.2%)	2.7%
Public Awareness	498	412	413	20.9%	(0.4%)
Household Haz. Waste	588	589	529	(0.1%)	11.2%
Last Chance Mercantile	191	103	106	86.1%	(2.7%)
Landfill Gas Power	1,655	814	117	103.5%	596.5%
Shop	1,220	1,152	1,108	5.9%	4.0%
Materials Recovery Fac.	1,148	988	684	16.2%	44.4%
Scales	581	522	613	11.2%	(14.8%)
Site/Landfill	(13,297)	(10,942)	(10,096)	21.5%	8.4%
	($3,768)	($2,595)	($2,857)	45.2%	(9.2%)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Operating Expenses by Department (Continued)

- Administration/Organization includes senior management, administrative, accounting and engineering staff, along with organization-wide supplies and services, such as the computer network and telephone systems.
- Household Hazardous Waste (HHW) income is from charges for small quantity generators.
- Last Chance Mercantile (LCM) income is from the sale of items received from the public and recovered from the Materials Recovery Facility along with the reimbursement for recycled e-waste, can and bottle buyback operations. The costs to sell and handle these items are included in the LCM operations.
- In fiscal year 2015 – 2016, the Landfill Gas Power operations continued to incur unusual expenses from increased air emission testing and compliance requirements resulting in taking one of the four engine/generators out of service, the premature failure of an engine/generator and revenues decreased as the market value of renewable power sales decreased. The District operations benefits from "free electricity" of an annual avoided cost savings of approximately $350,000.
- The revenue for the Materials Recovery Facility (MRF) includes the disposal fees for refuse and greenwaste diverted at the facility, along with the revenues for sales of recycled materials, scrap metal and landscape materials. The District's expenses related to these sales are included in MRF operations.
- Certified weights for the public make up the Scale's revenue.
- Site/Landfill revenue reflects all the disposal fees not allocated to the MRF, along with sand sales, services provided to the franchise hauler and loading and push off service fees. The negative net cost shows that the fees for landfilling refuse are set at a level to support the other District programs.

Budget Highlights

The District's operating revenues of $24.6 million were $4.3 million above budget. The increase resulted primarily from increased tonnage delivered for processing and disposal. Last Chance Mercantile sales increased due to the receipt of higher value donations and more aggressive pricing. The increased demand for construction sand resulted in an 86.1% increase. Landscape product sales decreased by 23.0% due primarily to decreased availability of processed wood based products. Recycled Materials sales decreased by 11.1% due primarily to the reduction in prices for metal commodities.

Operating expenses of $20.9 million were $0.7 million above budget and non-operating expenses were $0.6 million above budget amounts. Salary expenses and benefits are $275,306 or $0.3 million above budget. Repairs and maintenance were over budget by $0.4 million primarily due to major repairs of the gas engine/generators. Fuel was over budget by $0.9 million due primarily to providing services to the new franchise hauler. Other categories over budget were taxes, licenses and permits – $133,000, professional services – $39,000, operating supplies – $30,000, office – $27,000, hazardous waste program – $7,000, utilities – $38,000 and bad debt expense – $25,000. There were several items under budget; depreciation and amortization – $203,000, landfill closure and post closure care costs – $7,000, insurance – $7,000, recycling – $156,000, environmental services – $57,000, safety equipment and supplies – $30,000, public awareness – $32,000, contractual services – $92,000, and education, meetings and travel – $1,000.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Capital Assets and Debt Administration

Capital Assets

The District's capital assets, net of accumulated depreciation, at June 30, 2016, totaled $53.9 million. (See Table A-4). The increase of $21.2 million from the prior year is due to the activity offsetting one another, as capital expenditures were $25.1 million and depreciation expense of $2.5 million.

Table A-4
Capital Assets
(net of depreciation, in thousands of dollars)

	2016	2015	2014	Change 2016-2015	Change 2015-2014
Land	$ 578	$ 578	$ 578	0.0%	0.0%
Facilities and Infrastructure	8,722	8,815	9,500	(1.1%)	(7.2%)
Equipment	3,509	3,718	4,338	(5.6%)	(14.3%)
Power Project	5,604	4,282	3,683	30.9%	16.3%
Module Development	6,941	7,038	7,136	(1.4%)	(1.4%)
Construction in Progress	28,581	8,332	628	243.0%	1,226.8%
	$53,935	$32,763	$25,863	64.6%	26.7%

This year's major capital asset additions include:

- $13,230,000 for materials recovery facility improvement project construction in progress
- $10,431,000 for truck maintenance, parking and fueling infrastructure construction in progress
- $620,000 for D9R Caterpillar bulldozer
- $320,000 for landfill gas engine/generator replacement construction in progress
- $130,000 for upgrade landfill gas blower system and install enclosed ground flare facility
- $117,000 for landfill gas field collection expansion

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Capital Assets and Debt Administration (Continued)

Debt Administration

On May 28, 2015, through the bond underwriter, the District issued $31,145,000 in 2015 Series A and Series B Integrated Waste Management Revenue Bonds to fund the acquisition of the Materials Recovery Facility Improvement Project and the Franchise Hauler Truck Parking and Maintenance Facility Project.

Bond Rating – In May 2015, Standard and Poor's assigned the Series 2015 Bonds the rating of AA- and view the outlook as stable.

Economic Factors and Next Year's Budget and Rates

Operating expenses are projected to remain stable for the next year. There is no scheduled refuse rate increase for the next year. The District is in the process of constructing Materials Recovery Facility Improvement Project and the Franchise Hauler Truck Parking and Maintenance Facility Project. The Materials Recovery Facility Improvement Project will enhance and improve the current resource recovery operations of the District. This project is not anticipated to have a significant impact of District operations until fully implemented in Fiscal Year 2017 - 2018. In September 2010, the District entered into an agreement to accept a guaranteed minimum of 75,000 tons of refuse subject to long term contract pricing. In October 2011, the District entered into an amendment to this agreement to increase the guaranteed minimum to 125,000 tons per year. In October 2012, the District entered into an amendment to reduce the guaranteed annual tons of refuse to 75,000 per year and increase the guaranteed annual tons of alternative daily cover to 10,000 per year. The District Board has approved the utilization of unrestricted cash reserves to cover purchases of capital assets and debt principal payments.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, customers, bondholders and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Charles H. Rees, Finance Manager, at (831) 384-5313.

BASIC FINANCIAL STATEMENTS

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENTS OF NET POSITION

JUNE 30, 2016 AND 2015

	2016	2015
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents – Note 3	$ 10,155,185	$ 6,814,024
Accounts receivable – trade – net	1,877,829	1,787,368
Power sales receivable	216,460	603,754
Accrued interest receivable	13,820	5,585
Other receivables	562,024	220,016
Prepaid expenses	642,403	657,991
Total current assets	13,467,721	10,088,738
RESTRICTED CASH AND CASH EQUIVALENTS – Note 3	11,927,045	33,024,494
DEPOSIT	155,000	49,000
CAPITAL ASSETS – NET – Note 4	53,934,502	32,763,301
INTANGIBLE ASSETS – NET – Note 5	153,571	169,596
Total assets	79,637,839	76,095,129
DEFERRED OUTFLOWS – Note 7	1,216,596	814,974
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 80,854,435	$ 76,910,103

The accompanying notes are an integral part of these financial statements.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENTS OF NET POSITION

JUNE 30, 2016 AND 2015
(Continued)

	2016	2015
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 1,525,681	$ 864,961
Security deposits	2,671	2,610
Accrued liabilities:		
Compensated absences	283,850	313,189
State/County waste management fees	255,098	224,456
Payroll and payroll liabilities	101,588	87,884
Deferred revenue	8,500	-
Revenue bonds interest payable	316,052	108,666
Current portion of revenue bonds payable – Note 9	1,080,000	895,000
Total current liabilities	3,573,440	2,496,766
ACCRUED LIABILITIES:		
Compensated absences	1,200,434	1,127,449
NET PENSION LIABILITIES – Note 7	6,737,269	5,528,953
REVENUE BONDS PAYABLE – NET – Note 9	30,786,072	31,885,408
ESTIMATED LIABILITIES FOR LANDFILL CLOSURE AND POST CLOSURE CARE COSTS – Note 6	4,001,000	3,778,000
Total liabilities	46,298,215	44,816,576
DEFERRED INFLOWS – Note 7	655,339	1,617,864
NET POSITION: as restated		
Invested in capital assets, net of related debt	29,440,121	28,441,001
Restricted	4,708,925	4,735,983
Unrestricted	(248,165)	(2,701,321)
Total net position	33,900,881	30,475,663
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 80,854,435	$ 76,910,103

The accompanying notes are an integral part of these financial statements.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Disposal fees	$ 21,302,194	$ 18,462,869
Last Chance Mercantile sales	821,584	809,947
Power sales	815,000	1,584,187
Scale and operational services	763,309	241,765
Recycled material sales	378,299	473,593
Landscape product sales	308,019	438,042
Sand sales	241,950	241,376
Total operating revenues	24,630,355	22,251,779
OPERATING EXPENSES:		
Salaries	7,120,734	6,969,375
Employee benefits	3,408,960	3,308,831
Depreciation and amortization	2,497,308	2,604,940
Fuel	1,565,597	717,035
Gas project maintenance	1,412,081	1,265,168
Taxes, licenses and permits	1,182,727	1,040,627
Maintenance of structures and equipment	776,270	739,053
Professional services	539,169	702,883
Recycling	508,582	661,919
Contractual services	443,495	417,235
Landfill closure and post closure care costs	223,000	206,000
Hazardous waste program	207,034	211,544
Insurance	173,358	159,322
Operating supplies	155,178	116,572
Office	152,107	136,491
Public awareness	118,092	101,951
Environmental services	93,209	102,735
Utilities	88,135	50,028
Safety equipment and supplies	79,718	52,678
Education, meetings and travel	68,705	54,010
Bad debt expense	25,142	10,442
Miscellaneous	15,762	17,763
Directors' fees	8,202	8,850
Total operating expenses	20,862,565	19,655,452
OPERATING INCOME	3,767,790	2,596,327

The accompanying notes are an integral part of these financial statements.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
(Continued)

	2016	2015
OPERATING INCOME – Forward	$ 3,767,790	$ 2,596,327
NON–OPERATING REVENUES (EXPENSES):		
Interest income	89,466	65,165
Rents and leases	55,848	51,419
Cost of revenue bonds issuance – Note 9	-	(449,386)
Loss on sale of fixed assets - net	(495,716)	-
Other income (expense)	7,830	23,854
Total non-operating revenues (expenses)	(342,572)	(308,948)
INCREASE IN NET POSITION	3,425,218	2,287,379
NET POSITION, BEGINNING OF YEAR	30,475,663	34,697,931
PRIOR PERIOD ADJUSTMENT – Note 7	-	(6,509,647)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	30,475,663	28,188,284
NET POSITION, END OF YEAR	$ 33,900,881	$ 30,475,663

The accompanying notes are an integral part of these financial statements.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 25,471,295	$ 22,512,791
Cash paid to employees	(10,539,095)	(10,312,531)
Cash payments for goods and services	(6,880,471)	(6,204,367)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,051,729	5,995,893
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES –		
Other non-operating revenues	64,441	75,333
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	64,441	75,333
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for capital acquisitions	(25,050,895)	(9,470,338)
Proceeds from issuance of revenue bonds	-	32,781,477
Proceeds from disposition of fixed assets	865,000	-
Principal paid on revenue bonds	(895,000)	-
Cost of revenue bonds issuance	-	(449,386)
Interest paid on revenue bonds and capital leases	(872,793)	107,598
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(25,953,688)	22,969,351
CASH FLOWS FROM INVESTING ACTIVITIES –		
Investment income	81,230	65,165
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,756,288)	29,105,742
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	39,838,518	10,732,776
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 22,082,230	$ 39,838,518

The accompanying notes are an integral part of these financial statements.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
(Continued)

	2016	2015
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 3,767,790	$ 2,596,327
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,497,308	2,604,940
Loss from disposition of assets	902,696	-
Estimated liability for landfill closure and post closure care costs	223,000	206,000
(Increase) decrease in:		
Accounts receivable – trade – net	(90,461)	(363,177)
Power sales receivable	387,294	685,252
Other receivables	(342,008)	(50,621)
Prepaid expenses	15,588	(371,940)
Deferred outflows	(401,622)	(92,934)
Increase (decrease) in:		
Accounts payable	660,720	698,835
Security deposits	61	-
Accrued compensated absences	132,726	133,491
Accrued State/County waste management fees	30,642	24,602
Accrued payroll and payroll liabilities	13,704	9,988
Deferred revenue	8,500	-
Net pension liabilities/Deferred inflows	245,791	(84,870)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 8,051,729	$ 5,995,893
CASH AND CASH EQUIVALENTS AT JUNE 30:		
Unrestricted cash and cash equivalents	$ 10,155,185	$ 6,814,024
Restricted cash and cash equivalents held with:		
Bank for bond capital expenditures	7,218,120	28,414,701
Bond Trustee for bond reserve fund	2,349,925	2,371,793
LAIF for landfill closure and post closure care costs	1,359,000	1,238,000
LAIF for environmental impairment fund	1,000,000	1,000,000
Total restricted cash and cash equivalents	11,927,045	33,024,494
TOTAL CASH AND CASH EQUIVALENTS, END OF YEAR	$ 22,082,230	$ 39,838,518

The accompanying notes are an integral part of these financial statements.

NOTE 1. DESCRIPTION OF ENTITY

Reporting Entity – The Monterey Regional Waste Management District (District), was formed in 1951 under the California Health and Safety Code. The primary purpose of the District is to dispose of solid waste in the Monterey Peninsula area. The District's role has expanded to include the recovery of recyclable materials in the waste stream (cardboard, newspaper, glass, wood waste, plastic, metals, concrete, asphalt, reusable building materials and resale items) and to receive nonhazardous liquid wastes. In addition, the District operates a landfill gas to electrical energy system which generates more than 5,000 kilowatts of continuous power. The accompanying financial statements conform to generally accepted accounting principles as applicable to governments.

The District is governed by a nine-member board made up of representatives from the following entities: City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Marina, City of Monterey, City of Pacific Grove, City of Sand City, City of Seaside, Pebble Beach Community Services District and the unincorporated area representing the western portion of Monterey County.

Accounting principles generally accepted in the United States of America require that these financial statements present the District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of its significant financial relationship to the District.

Blended Component Unit – The Monterey Regional Waste Management Authority (Authority) was formed pursuant to the provisions of the Government Code of the State of California and a Joint Exercise Powers Agreement, dated April 1, 1993, by and between the City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Marina, City of Monterey, City of Pacific Grove, City of Sand City and City of Seaside. During the fiscal year ending June 30, 1996, the Pebble Beach Community Services District also became a member of the Authority. During the fiscal year ending June 30, 2015, Monterey County also became a member of the Authority. The Authority was formed to assist in the financing of public capital improvements, such as the design, acquisition and construction of additions, betterments and improvements to the District's facilities.

NOTE 1. DESCRIPTION OF ENTITY (Continued)

The Authority has issued revenue bonds to finance the capital improvements and will maintain the debt from the revenue bonds on its books. The District has received ownership of the constructed assets and will maintain these assets on its books. In consideration for these assets, the District has pledged its revenue to the Authority, in sufficient amounts to pay the principal and interest payments of the revenue bonds. The nature and conditions of the relationship between the Authority, the District and The Bank of New York Mellon Trust Company (Trustee) is described in the Integrated Waste Management Improvement Agreement and the Trust Agreement by and between the Authority, the District and the Trustee.

The Authority functions as an independent entity and its policies are determined by a nine-member Board consisting of representatives of the nine entities mentioned previously. The composition of the membership of the Board of the Authority is the same as that of the District.

Accounting principles generally accepted in the United States of America for governmental entities require the Authority to be accounted for as a component unit of the District which is considered the primary government. A component unit is defined as a legally separate organization for which the elected officials of the primary government are fully accountable.

In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Therefore, the financial statements of the Authority have been included in the District's financial statements as a blended component unit of the District. The detail of the enterprise fund and the blended component unit is presented in the combining financial statements on pages 55-60 of this report.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting – The District's financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The District has elected under GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities that use Proprietary Fund Accounting, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net assets, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered through fees and charges, rather than taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net position (i.e., total assets net of total liabilities) is segregated into invested in capital assets, net of related debt; restricted; and unrestricted components.

Net Position – The District's net position is required to be classified for accounting and reporting purposes into the following categories:

Invested in Capital Assets, Net of Related Debt – This component of net position, includes restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances 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 are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on asset use through external constraints 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.

Unrestricted – This component of net position consists of assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Cash and Cash Equivalents – The District has defined cash and cash equivalents as cash on hand, demand deposits, amounts in the California State Treasurer's Investment Fund, known as the Local Agency Investment Fund (LAIF), and United States treasury bills.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable – Accounts receivable are composed of amounts due from customers for tipping fees. At June 30, 2016 and 2015, the balances are shown net of the allowance for uncollectible accounts of $200,000 and $175,000, respectively. The District used the allowance method to account for uncollectible accounts receivable. The allowance is based on prior experience and management's analysis of bad debts.

Capital Assets – Purchased capital assets are accounted for at cost, or for contributed assets, their estimated fair value on the date received.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives used to depreciate assets, by asset class, are as follows:

Administrative and scale	5–40	Years
Disposal and recycling	3–60	Years
Power project	5–40	Years
Module development	5–80	Years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Compensated Absences – The District allows employees to accrue vacation and compensation time. The accrued liability is based on the employee's hourly rate at year end. All accumulated vacation and compensation time is recorded as an expense and a liability in the proprietary fund at the time the liability is incurred and depending on classification, as a current or long-term liability. Upon termination of an employee, the District is required to pay accrued vacation and compensation time. Sick leave is recorded as an expenditure when it is paid and it is not required to be paid upon termination of an employee.

Pension Plan – 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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. The following timeframes are used:

Year Ended June 30, 2016	
Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	July 1, 2014 to June 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Year Ended June 30, 2015	
Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

Deferred Outflows and Inflows of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are items related to pensions reported in the Statement of Net Position. They represent the net effect of the District's contributions to the pension system subsequent to the measurement date and not included in pension expense and the difference between the expected and actual experience in actuarial calculation of the pension expense and related liability.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. The items are related to pensions reported in the Statement of Net Position. They represent the net difference between projected and actual earnings on Pension Plan investments, difference in expected and actual experience and changes in the actuarial assumptions.

Revenues and Expenses – Revenue is recognized when earned. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions. When an expense is incurred for which there are both restricted and unrestricted assets available, it is the District's policy to apply these expenses to restricted assets to the extent that such are available and then to unrestricted assets.

Budget Policy – The District's Board of Directors annually adopts the budget for the District. Board of Directors' actions are required for the approval of budget revisions.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – Provisions for income taxes are not recorded since Monterey Regional Waste Management District is a special district in Monterey County and is not subject to income taxes.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events – Subsequent events have been evaluated through November 4, 2016, which is the date the financial statements were available to be issued.

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

Statement No. 76 "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*" - The provisions of this statement are effective for reporting periods beginning after June 15, 2015.

Future Accounting Pronouncements – GASB Statements Nos. 74 – 82 listed below will be implemented in future financial statements.

Statement No. 74 *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"* - The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2016.

Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"* - The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2017.

Statement No. 77 *"Tax Abatement Disclosures"* - The provisions of this statement are effective for financial statements for reporting periods beginning after December 15, 2015.

Statement No. 78 *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"* - The provisions of this statement are effective for fiscal years beginning after December 15, 2015.

Statement No. 79 *"Certain External Investment Pools and Pool Participants"* - The provisions of this statement are effective for fiscal years beginning after June 15, 2015 except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015.

Statement No. 80 *"Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14"* - The provisions of this statement are effective for fiscal years beginning after June 15, 2016.

Statement No. 81 *"Irrevocable Split-Interest Agreements"* - The provisions of this statement are effective for reporting periods beginning after December 15, 2016.

Statement No. 82 *" Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73"* - The provisions of this statement are effective for reporting periods beginning after June 15, 2017.

NOTE 3. CASH AND CASH EQUIVALENTS

The District maintains its cash account in a commercial bank located in Monterey, California. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. In addition, a State regulation requires the bank to place collateral on public funds deposits. The regulation stipulates that all deposits made by public entities made to accounts held at FDIC insured institutions (such as MUFG Union Bank, N.A.) must be collateralized at a rate of 110% by securities which are held for the benefit of the entity. Therefore, no balances as of June 30, 2016 and 2015, are uninsured.

The District's unrestricted cash and cash equivalents at year-end also consisted of unsecured and uncollateralized deposits in the California State Treasurer's Investment Pool, known as the Local Agency Investment Fund (LAIF). Money in the fund is invested by the State Treasurer to realize the maximum return consistent with prudent treasury management. All earnings of the fund, less a reimbursement of management costs incurred not to exceed one quarter of one percent of earnings, are distributed to the contributing agencies in their relative shares each quarter. The balances of funds in LAIF and in United States Treasury bills approximated fair market value as of June 30, 2016 and 2015, respectively.

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents held by the District are summarized below:

Unrestricted Cash and Cash Equivalents	2016	2015
Cash on hand	$ 8,120	$ 6,140
Cash in bank	10,652,681	30,943,946
LAIF	11,421,429	8,888,432
Amounts held by Trustee for bond capital expenditure	-	(21,868)
Amounts held by Trustee for reserve account	(2,349,925)	(2,349,925)
Amounts held by Bank for bond capital expenditure	(7,218,120)	(28,414,701)
Amounts held by LAIF for landfill closure and post closure care costs	(1,359,000)	(1,238,000)
Amounts held by LAIF for environmental impairment fund	(1,000,000)	(1,000,000)
Total unrestricted cash and cash equivalents	$ 10,155,185	$ 6,814,024

Restricted Cash and Cash Equivalents		
Cash held by Trustee for bond capital expenditure	$ -	$ 21,868
Cash held by Trustee for reserve account	2,349,925	2,349,925
Cash held by Bank for bond capital expenditure	7,218,120	28,414,701
In LAIF — held for landfill closure and post closure care costs	1,359,000	1,238,000
In LAIF — held for environmental impairment fund	1,000,000	1,000,000
Total restricted cash and cash equivalents	$ 11,927,045	$33,024,494

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

Investments Authorized by the Entity's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the State of California (LAIF) and United States Treasury securities. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk and concentration of credit risk.

Disclosures Relating to Credit Risk

Generally, credit is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District'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.

The District did not directly enter into any derivative investments. The District's total investment in the LAIF managed by the Treasurer for the State of California at June 30, 2016 and 2015, was $11,421,429 and $8,888,432, respectively. The total fair value invested by all public agencies in LAIF at June 30, 2016 and 2015, was $75,368,904,612 and $69,606,487,716, respectively. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities at June 30, 2016 and 2015, totaling $1,718,918,000 and $1,447,948,000, approximately 1.26% and 0.97% of the total portfolio, and structured notes totaling $400,000,000 and $0, approximately 1.55% and 0.0% of the total portfolio, respectively. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

NOTE 4. CAPITAL ASSETS

The following is a summary of changes in capital assets and depreciation for the year ended June 30, 2016:

	CAPITAL ASSETS AT JUNE 30, 2015	ADDITIONS AND TRANSFERS	DISPOSITIONS AND TRANSFERS	CAPITAL ASSETS AT JUNE 30, 2016
CAPITAL ASSETS BEING DEPRECIATED				
Administrative and scale:				
Equipment	$ 692,180	$ 14,843	$ -	$ 707,023
Facilities	1,358,030	38,180	-	1,396,210
Disposal and recycling:				
Equipment	17,424,504	653,898	(1,013,828)	17,064,574
Facilities	17,593,234	599,452	-	18,192,686
Power project	11,613,234	2,134,961	-	13,748,195
Module development	10,879,348	-	-	10,879,348
Total capital assets being depreciated	59,560,530	3,441,334	(1,013,828)	61,988,036
Accumulated depreciation	(35,707,216)	(2,481,283)	976,131	(37,212,368)
Total capital assets being depreciated - Net	23,853,314	960,051	(37,697)	24,775,668
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	578,210	-	-	578,210
Construction in progress	8,331,777	24,326,046	(4,077,199)	28,580,624
Total capital assets not being depreciated	8,909,987	24,326,046	(4,077,199)	29,158,834
CAPITAL ASSETS – NET	$ 32,763,301	$ 25,286,097	$ (4,114,896)	$ 53,934,502

Depreciation expense totaled $2,481,283 for the year ended June 30, 2016.

NOTE 4. CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets and depreciation for the year ended June 30, 2015:

	CAPITAL ASSETS AT JUNE 30, 2014	ADDITIONS AND TRANSFERS	DISPOSITIONS AND TRANSFERS	CAPITAL ASSETS AT JUNE 30, 2015
CAPITAL ASSETS BEING DEPRECIATED				
Administrative and scale:				
Equipment	$ 664,033	$ 28,147	$ -	$ 692,180
Facilities	1,349,159	8,871	-	1,358,030
Disposal and recycling:			-	
Equipment	17,067,589	356,915	-	17,424,504
Facilities	17,593,234	-	-	17,593,234
Power project	10,240,512	1,372,722	-	11,613,234
Module development	10,879,348	-	-	10,879,348
Total capital assets being depreciated	57,793,875	1,766,655	-	59,560,530
Accumulated depreciation	(33,137,141)	(2,570,075)	-	(35,707,216)
Total capital assets being depreciated - Net	24,656,734	(803,420)	-	23,853,314
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	578,210	-	-	578,210
Construction in progress	628,095	9,076,404	(1,372,722)	8,331,777
Total capital assets not being depreciated	1,206,305	9,076,404	(1,372,722)	8,909,987
CAPITAL ASSETS – NET	$ 25,863,039	$ 8,272,984	$ (1,372,722)	$ 32,763,301

Depreciation expense totaled $2,570,075 for the year ended June 30, 2015.

NOTE 5. INTANGIBLE ASSETS

Amortization of intangible assets are computed using the straight-line method over a period of thirty years. Intangible assets at June 30 are summarized as follows:

	2016	2015
Revised site master plan	$ 738,557	$ 738,557
Accumulated amortization	(584,986)	(568,961)
Intangible assets - net	$ 153,571	$ 169,596

Amortization expense amounted to $16,025 and $34,865 for the years ended June 30, 2016 and 2015, respectively.

Estimated amortization of intangible assets for the five succeeding years:

For the year ended June 30,	Estimated Amortization Expense
2017	$16,025
2018	$16,025
2019	$16,025
2020	$16,025
2021	$16,025

NOTE 6. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require that the Monterey Regional Waste Management District place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the estimated future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The District's updated Site Master Plan and Closure and Post closure Plan were approved by state regulatory agencies during the fiscal year ended June 30, 2006. The District completed an Updated Preliminary Closure and Post closure Maintenance Plan and a Joint Technical Document for Landfill Development in April 2010. The liability recognized for the estimated landfill closure and post closure care cost is $4,001,000 and $3,778,000 as of June 30, 2016 and 2015, respectively which was based on 18.0% and 17.2% usage (filled) of the landfill at that date. It is estimated that an additional $18,212,000 will be recognized as landfill closure and post closure care expenses between June 30, 2016, and the date the landfill is expected to be filled to capacity (in the year 2176). The current estimated total cost of the landfill closure and post closure care of $22,213,000 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were required as of June 30, 2016.

However, the actual cost of the landfill closure and post closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

The Monterey Regional Waste Management District is required by state and federal laws and regulations to make annual contributions to finance closure and post closure care. The District is in compliance with these requirements. At June 30, 2016 and 2015, investments of $1,359,000 and $1,238,000 were held to meet the state requirements. These investments are presented on the District's statements of net position as restricted assets. It is anticipated that future inflation costs will be financed in part from earnings on investments. The District meets the financial assurance test for federal purposes. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users.

NOTE 7. NET PENSION LIABILITIES

Plan Description, Benefits Provided and Employees Covered

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2015, Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015, (the measurement date), the average active employee contribution rate is 6.975% of annual pay and the employer's contribution rate is 14.349% of annual payroll. Employer contribution rates may change if plan contracts are amended.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015, (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014, total pension liability. The June 30, 2014, and the June 30, 2015, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds

NOTE 7. NET PENSION LIABILITIES (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% gross of administrative expense of 0.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-2018 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

NOTE 7. NET PENSION LIABILITIES (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 - 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	5.25%	5.71%
Global Fixed Income	0.99%	2.43%
Inflation Sensitive	0.45%	3.36%
Private Equity	6.83%	6.95%
Real Estate	4.50%	5.13%
Other	4.50%	5.09%
Liquidity	(0.55)%	(1.05)%

[1]An expected inflation of 2.5% used for this period
[2]An expected inflation of 3.0% used for this period

NOTE 7. NET PENSION LIABILITIES (Continued)

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in our GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in our funding actuarial valuation. In addition, differences may result from early Annual Financial Report closing and final reconciled reserves.

NOTE 7. NET PENSION LIABILITIES (Continued)

Changes in the Net Pension Liability

The following tables show the changes in net pension liability recognized over the measurement periods.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2014 (VD)[1]	$29,291,415	$23,762,462	$5,528,953
Changes Recognized for the Measurement Period:			
Service Cost	911,692	-	911,692
Interest on the Total Pension Liability	2,229,562	-	2,229,562
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	417,131	-	417,131
Changes of Assumptions	(567,504)	-	(567,504)
Plan to Plan Resource Movement	-	181	(181)
Contributions from the Employer	-	800,476	(800,476)
Contributions from Employees	-	458,764	(458,764)
Net Investment Income[2]	-	557,377	(557,377)
Benefit Payments, including Refunds of Employee Contributions	(904,586)	(904,586)	-
Administrative Expense	-	(34,233)	34,233
Net Changes during 2014-15	2,086,295	877,979	1,208,316
Balance at: 6/30/2015 (MD)[1]	$31,377,710	$24,640,441	$6,737,269

Notes to table:
Valuation Date (VD), Measurement Date (MD)

[1] The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described on Page 37, this may differ from the plan assets reported in the funding actuarial valuation report.

[2] Net of administrative expenses.

NOTE 7. NET PENSION LIABILITIES (Continued)

Changes in the Net Pension Liability (Continued)

	Increase (Decrease)		
	Total Pension Liability **(a)**	**Plan Fiduciary Net Position** **(b)**	**Net Pension Liability/(Asset)** **(c) = (a) - (b)**
Balance at: 6/30/2013 (VD)[1]	$27,215,848	$19,984,161	$7,231,687
Changes Recognized for the Measurement Period:			
Service Cost	911,220	-	911,220
Interest on the Total Pension Liability	2,042,432	-	2,042,432
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions from the Employer	-	722,039	(722,039)
Contributions from Employees	-	411,403	(411,403)
Net Investment Income[2]	-	3,522,944	(3,522,944)
Benefit Payments, including Refunds of Employee Contributions	(878,085)	(878,085)	-
Net Changes during 2013-14	2,075,567	3,778,301	(1,702,734)
Balance at: 6/30/2014 (MD)[1]	$29,291,415	$23,762,462	$5,528,953

Notes to table:
Valuation Date (VD), Measurement Date (MD)

[1] The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described on Page 37, this may differ from the plan assets reported in the funding actuarial valuation report.

[2] Net of administrative expenses.

NOTE 7. NET PENSION LIABILITIES (Continued)

Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability/(Asset)	$ 11,170,211	$ 6,737,269	$ 3,081,766

Subsequent Events - There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses - Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings:	5 year straight-line amortization
All other amounts:	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive and retired). The EARSL for the Plan for the 2014-2015 measurement period is 5.0 years, which was obtained by dividing the total service years of 1,025 (the sum of remaining service lifetimes of the active employees) by 206 (the total number of participants: active, inactive and retired). Note that inactive employees and retirees have remaining service lifetimes equal to zero. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

NOTE 7. NET PENSION LIABILITIES (Continued)

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

As of the start of the measurement period (July 1, 2013), the net pension liability/(asset) is $7,231,687.

For the measurement periods ending June 30, 2014 and 2015 (the measurement dates), the District incurred a pension expense/(income) of $712,562 and $637,169, respectively for the Plan. A complete breakdown of the pension expense is as follows:

	2016	2015
Service cost	$ 911,692	$ 911,220
Interest on the total pension liability	2,229,562	2,042,432
Changes of benefit terms	-	-
Recognized differences between expected and actual experience	83,426	-
Plan to Plan Resource Movement	(181)	-
Recognized changes of assumptions	(113,501)	-
Employee contributions	(458,764)	(411,403)
Projected earnings on pension plan investments	(1,822,454)	(1,500,614)
Recognized differences between projected and actual earnings on:		
Plan investments	(151,451)	(404,466)
Other changes in fiduciary net position	-	-
Administrative Expense	34,233	-
Total Pension Expense/(Income)	$ 712,562	$ 637,169

NOTE 7. NET PENSION LIABILITIES (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

As of June 30, 2015 (the measurement date), the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 333,705	$ -
Changes of assumptions	-	(454,003)
Net difference between projected and actual earnings on pension plan investments	-	(201,336)
Pension contributions subsequent to the measurement date	882,891	-
	$ 1,216,596	$ (655,339)

The amounts above are net of outflows and inflow recognized in the 2014-2015 measurement period expense. $882,891 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2016	$ (181,526)
2017	(181,526)
2018	(181,526)
2019	222,944
	$ (321,634)

NOTE 7. NET PENSION LIABILITIES (Continued)

Restatement of Net Position

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date.* The implementation of the Statements resulted in the reporting of a deferred outflow of resources, liability and deferred inflow of resources related to the District's participation in the CalPERS retirement system.

The District's net position has been restated as follows:

Net Position at June 30, 2014, as previously stated before GASB 68 implementation	$ 34,697,931
Beginning pension liability	(7,231,687)
Beginning deferred outflow of resources for contributions subsequent to the measurement date	722,040
Change in Net Position	(6,509,647)
Net position at June 30, 2014, as restated	$ 28,188,284

NOTE 8. POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB)

Plan Description

The District maintains a single-employer, defined benefit healthcare plan (administered by the District). The District is obligated by a memorandum of understanding to contribute toward health insurance premiums for certain employees retired from the District at the age of 55 or older with at least five years of continuous employment with the District. Retirees are reimbursed at the rate of $20 a month for each year of District service. Payments are made until the retiree reaches the age of 65. Beginning in 2006, the monthly rate is increased by 2% each calendar year.

Funding Policy

The contribution requirements of the District are based on a pay-as-you go basis. For the fiscal year ended June 30, 2016 and 2015, the District paid to retirees approximately $14,000 and $11,000, respectively.

As of June 30, 2016 and 2015, the District had 6 and 5 retirees, respectively, receiving benefits and 64 and 63 active employees eligible to receive benefits in the future, respectively.

NOTE 8. POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefits (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over thirty years.

For the fiscal year 2016, the District's annual OPEB cost is expected to be $74,000. The District's Annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2016, is as follows:

Annual required contribution	$ 74,000
Interest on net OPEB obligation	-
Adjustment of annual required contribution	-
Annual OPEB cost	74,000
Less contributions made	14,000
Change in net OPEB obligation	60,000
Net OPEB obligation, beginning of year	378,000
Net OPEB obligation, end of year	$ 438,000

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	$ 65,000	12.3%	$ 57,000
6/30/2012	$ 67,000	11.9%	$ 59,000
6/30/2013	$ 67,000	14.9%	$ 57,000
6/30/2014	$ 66,000	15.2%	$ 56,000
6/30/2015	$ 71,000	15.5%	$ 60,000
6/30/2016	$ 74,000	18.9%	$ 60,000

NOTE 8. POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

Funding Status and Funding Progress

The funded status of the plan based on an actuarial valuation was as follows:

	July 1, 2015	July 1, 2014	July 1, 2013	July 1, 2012	July 1, 2011
Actuarial accrued liability (AAL)	$620,000	$600,000	$550,000	$550,000	$540,000
Actuarial value of plan assets	-	-	-	-	-
Unfunded actuarial accrued liability (UAAL)	$620,000	$600,000	$550,000	$550,000	$540,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$5,200,000	$4,900,000	$4,600,000	$4,800,000	$4,800,000
UAAL as percentage of covered payroll	11.92%	12.24%	11.96%	11.46%	11.25%

Methods and Assumptions

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer (ARC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 8. POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Retirement age for active employees- Active plan members were assumed to retire at age 62.

Mortality- Life expectancies were based on mortality tables from the National Center for Health Statistics. The 1999 United States Life Tables for Males and for Females were used.

Turnover- The District is not using historical age-based turnover experience of the covered group of employees. The District in accordance with GASB Statement 43, paragraph 40 has used Table 1 and Table 2 to determine the probability of remaining employed until assumed retirement age and the expected future working lifetime respectfully for purposes of allocating to periods the present value of total benefits to be paid.

Reimbursement cost trend rate- The expected rate of increase in reimbursement amounts was based on the plan at $20 a month per year of service escalated at 2.0% per year beginning in 2006.

Inflation rate- This factor is not applicable to the plan.

Payroll growth rate- This factor is not applicable to the plan.

The discount rate used, 5.0%, is a blended rate reflecting the expected long-term investment returns on plan assets and the District's investments. The calculation of the blended rate was based on the historical and expected levels of employer contributions in relation to the ARC. In addition, the entry age actuarial cost method was used, and the actuarial value of plan assets is measured at fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016, was 23 years.

NOTE 9. REVENUE BONDS PAYABLE - NET

The 2015 Series A and B Revenue Bonds (revenue bonds) were sold, executed and delivered in the aggregate principal amount of $31,145,000 only as fully registered bonds in the denomination of $5,000 or any integral multiples thereof. The revenue bonds are dated and bear interest from May 28, 2015, at the rates per annum set forth below, payable semiannually on October 1 and April 1, commencing October 1, 2015, and will mature April 1 in the years and in the principal amounts set forth below. The Bank of New York Mellon Trust Company, Los Angeles, California, acts as trustee and Cede & Co, as the nominee of The Depository Trust Company, New York, New York, as registrar and paying agent for the 2015 Series A and Series B Revenue Bonds.

The remaining total principal and interest requirements for the revenue bonds are as follows:

	Series A			Series B			Total
Maturity April 1	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest and Principal
2017	3.000%	630,000	754,506	3.000%	450,000	510,975	2,345,481
2018	4.000%	650,000	735,606	4.000%	460,000	497,475	2,343,081
2019	4.000%	675,000	709,606	4.000%	480,000	479,075	2,343,081
2020	4.000%	705,000	682,606	4.000%	500,000	459,875	2,343,681
2021	5.000%	730,000	654,406	4.000%	520,000	439,875	2,344,281
2022	5.000%	770,000	617,906	4.000%	540,000	419,075	2,346,981
2023	5.000%	810,000	579,406	4.000%	560,000	397,475	2,346,881
2024	5.000%	850,000	538,906	3.000%	585,000	375,075	2,348,981
2025	5.000%	890,000	496,406	5.000%	600,000	357,525	2,343,931
2026	4.000%	935,000	451,906	5.000%	630,000	327,525	2,344,431
2027	3.125%	970,000	414,506	5.000%	665,000	296,025	2,345,531
2028	3.250%	1.005,000	384,194	4.000%	695,000	262,775	2,346,969
2029	3.375%	1,035,000	351,531	4.000%	725,000	234,975	2,346,506
2030	3.500%	1,070,000	316,600	4.000%	755,000	205,975	2,347,575
2031	5.000%	1,110,000	279,150	4.000%	785,000	175,775	2,349,925
2032	5.000%	1,165,000	233,650	4.000%	815,000	144,375	2,348,025
2033	5.000%	1,220,000	165,400	4.125%	850,000	111,775	2,347,175
2034	4.000%	1,280,000	104,400	4.250%	885,000	76,713	2,346,113
2035	4.000%	1,330,000	53,200	4.250%	920,000	39,100	2,342,300
Totals		$17,830,000	$8,513,894		$12,420,000	$5,811,437	$44,575,331

The Trust Agreement provides that the 2015 Series A and Series B Revenue Bonds and the interest thereon are payable from, and are secured by a first pledge of and charge and lien upon the revenues derived by the Authority from the District under the Improvement Agreement, the Reserve Fund held under the Trust Agreement, and certain interest, profit and other income derived from certain funds held under the Trust Agreement, all under the terms and conditions set forth in the Trust Agreement.

NOTE 9. REVENUE BONDS PAYABLE - NET (Continued)

To the extent set forth in the Trust Agreement, all the Revenues are irrevocably pledged for the security of the principal and interest on the Revenue Bonds; but nevertheless out of the revenues, certain amounts may be applied for other purposes as provided in the Trust Agreement.

The sources and uses of funds form the issuance of the 2015 Series A and Series B Revenue Bonds are detailed as follows:

	Series 2015A Bonds	Series 2015B Bonds	Total
Sources:			
Principal amount	$ 18,355,000	$ 12,790,000	$ 31,145,000
Original issue premium	1,305,130	331,347	1,636,477
Total:	$ 19,660,130	$ 13,121,347	$ 32,781,477
Uses:			
Project costs	$ 17,988,625	$ 11,993,541	$ 29,982,166
Common reserve account	1,409,327	940,598	2,349,925
Cost of issuance	191,916	128,087	320,003
Underwriter's discount	70,262	59,121	129,383
Total	$ 19,660,130	$ 13,121,347	$ 32,781,477

NOTE 10. JOINT POWERS AGREEMENT

The District participates in a joint powers agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the District and the SDRMA is such that the JPA is not a component unit of the District for financial reporting purposes.

SDRMA was formed under a joint powers agreement pursuant to California Government Code Section 6500 et seq. effective August 1, 1986, to provide general liability, comprehensive/collision liability, property damage and errors and omissions risk financing for the member districts. SDRMA merged with Special District Workers' Compensation Authority (SWCA) on July 1, 2003, and now provides its members with workers' compensation coverage. SDRMA is administered by a board of directors, consisting of one member appointed by the California Special Districts Association and five members elected by the participating districts. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. The District's share of year-end assets, liabilities and risk margin has not been calculated by the SDRMA.

NOTE 11. COMMITMENTS

In January 2015, the District entered into an agreement for the construction of truck yard maintenance and fueling facility in the amount of $11,506,525 including change orders. As of June 30, 2016, the balance to finish plus retainage was $2,661,111.

In January 2015, the District entered into an agreement for the design, construction, operation and maintenance of a compressed methane vehicle fueling facility using natural gas or biogas. The cost of the agreement will be recovered from the sale of the fuel. The ownership of the fueling facility will transfer to the District after the delivery of 6.1 million gasoline-gallon-equivalents of fuel. The fuel will be used by the District vehicles, the franchise hauler serving the local jurisdictions and for sale under contract to other fleet operators.

In October 2015, the District entered into an agreement for the purchase and installation of Materials Recovery Facility improvement project. The contract price including change orders of $15,561,035 is for the design, manufacture and installation of the mixed waste and commingle/single stream and construction/demolition of self-haul material recovery facility system of equipment. As of June 30, 2016, the balance to finish plus retainage was $3,004,507.

NOTE 12. CONCENTRATION IN SALES TO CUSTOMERS

In 2016, the District's two largest customers accounted for approximately 27% and 14% of sales. In 2015, the largest customers accounted for 22% and 20% of sales.

NOTE 13. CONTINGENCIES

The District is, from time to time, involved in lawsuits arising in the ordinary course of District operations, which, in the opinion of management, will not have a material effect on the results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING THE MEASUREMENT PERIODS

Measurement Period	FY 2014-2015[1]	FY 2013-2014[1]
Total Pension Liability		
Service Cost	$ 911,692	$ 911,220
Interest	2,229,562	2,042,432
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	417,131	-
Changes of Assumptions	(567,504)	-
Benefit Payments, Including Refunds of Employee Contributions	(904,586)	(878,085)
Net Change in Total Pension Liability	2,086,295	2,075,567
Total Pension Liability – Beginning	29,291,415	27,215,848
Total Pension Liability – Ending (a)	$ 31,377,710	$ 29,291,415
Plan Fiduciary Net Position:		
Contributions – Employer	$ 800,476	$ 722,039
Contributions – Employee	458,764	411,403
Net Investment Income[2]	557,377	3,522,944
Benefit Payments, Including Refunds of Employee Contributions	(904,586)	(878,085)
Plan to Plan Resource Movement	181	-
Administrative Expense	34,233	-
Other Changes in Fiduciary Net Position	-	-
Net Change in Fiduciary Net Position	877,979	3,778,301
Plan Fiduciary Net Position – Beginning	23,762,462	19,984,161
Plan Fiduciary Net Position – Ending (b)	$ 24,640,441	$ 3,762,462
Plan Net Pension Liability/(Asset) – Ending (a) – (b)	$ 6,737,269	$ 5,528,953
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.53%	81.12%
Covered-Employee Payroll	$ 6,066,619	$ 5,829,943
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	111.05%	94.84%

Notes to Schedule:

[1]Historical information is required only for measurement periods for which GASB 68 is applicable.

[2]Net of administrative expenses

See Independent Auditors' Report.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING THE MEASUREMENT PERIODS (Continued)

Notes to the schedule of changes in net pension liability:

Benefit Changes: The figures in the preceding schedule do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65%.

SCHEDULE OF PENSION PLAN CONTRIBUTIONS [1]

	Fiscal Year 2014-15	Fiscal Year 2013-14
Actuarially Determined Contribution [2]	$ 800,476	$ 722,039
Contributions in Relation to the Actuarially Determined Contribution [2]	(800,476)	(722,039)
Contribution Deficiency (Excess)	$ -	$ -
Covered-Employee Payroll [3, 4]	$ 6,066,619	$ 5,829,943
Contributions as a Percentage of Covered-Employee Payroll [3]	13.19%	12.39%

Notes to Schedule:

1 Historical information is required only for measurement periods for which GASB 68 is applicable.

2 Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

3 Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

4 Payroll from prior year $5,889,921 was assumed to increase by the 3.00% payroll growth assumption.

SCHEDULE OF PENSION PLAN CONTRIBUTIONS (Continued)

Notes to the schedule of pension plan contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014 - 2015 were from the June 30, 2012, public agency valuations and are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012, Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012, Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

OTHER SUPPLEMENTARY INFORMATION

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2016

	DISTRICT	AUTHORITY	TOTALS	ELIMI–NATING ENTRIES	TOTALS
CURRENT ASSETS:					
Cash and cash equivalents	$ 10,155,185	$ –	$ 10,155,185	$ –	$ 10,155,185
Accounts receivable – trade–net	1,877,829	–	1,877,829	–	1,877,829
Power sales receivable	216,460	–	216,460	–	216,460
Accrued interest receivable	13,820	–	13,820	–	13,820
Other receivables	562,024	–	562,024	–	562,024
Prepaid expenses	642,403	–	642,403	–	642,403
Total current assets	13,467,720	–	13,467,720	–	13,467,720
RESTRICTED CASH AND CASH EQUIVALENTS:					
Cash and cash equivalents held by Trustee for reserve account	–	2,349,925	2,349,925	–	2,349,925
Cash and cash equivalents held by Bank for bond capital expenditures	7,218,120	–	7,218,120	–	7,218,120
Cash and cash equivalents held by LAIF – reserved for landfill closure and post closure care costs	1,359,000	–	1,359,000	–	1,359,000
Cash and cash equivalents held by LAIF – reserved for environmental impairment fund	1,000,000	–	1,000,000	–	1,000,000
Total restricted cash and cash equivalents	9,577,120	2,349,925	11,927,045	–	11,927,045
DEPOSIT	155,000	–	155,000	–	155,000
DUE FROM DISTRICT	–	27,900,075	27,900,075	(27,900,075)	–
CAPITAL ASSETS – NET	53,934,502	–	53,934,502	–	53,934,502
INTANGIBLE ASSETS – NET	153,571	–	153,571	–	153,571
Total Assets	77,287,914	30,250,000	107,537,914	(27,900,075)	79,637,839
DEFERRED OUTFLOWS	1,216,596	–	1,216,596	–	1,216,596
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 78,504,510	$ 30,250,000	$108,754,510	$(27,900,075)	$ 80,854,435

See Independent Auditors' Report.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2016
(Continued)

	DISTRICT	AUTHORITY	TOTALS	ELIMI– NATING ENTRIES	TOTALS
CURRENT LIABILITIES:					
Accounts payable	$ 1,525,681	$ –	$ 1,525,681	$ –	$ 1,525,681
Security deposits	2,671	–	2,671	–	2,671
Accrued liabilities:					
Compensated absences	283,850	–	283,850	–	283,850
State/County waste management fees	255,098	–	255,098	–	255,098
Payroll and payroll liabilities	101,588	–	101,588	–	101,588
Deferred Revenue	8,500	–	8,500	–	8,500
Interest on Revenue Bonds	316,052	–	316,052	–	316,052
Current portion of revenue bonds payable	–	1,080,000	1,080,000	–	1,080,000
Total current liabilities	2,493,440	1,080,000	3,573,440	–	3,573,440
ACCRUED LIABILITES:					
Compensated absences	1,200,434	–	1,200,434	–	1,200,434
Net pension liability	6,737,269	–	6,737,269	–	6,737,269
Due to Authority	27,900,075	–	27,900,075	(27,900,075)	–
Revenue bonds payable - net	1,616,072	29,170,000	30,786,072	–	30,786,072
ESTIMATED LIABILITY FOR LANDFILL CLOSURE AND POST CLOSURE CARE COSTS	4,001,000	–	4,001,000	–	4,001,000
Total liabilities	43,948,290	30,250,000	74,198,290	(27,900,075)	46,298,215
DEFERRED INFLOWS	655,339	–	655,339	–	655,339
NET POSITION:					
Invested in capital assets, net of related debt	31,790,046	(2,349,925)	29,440,121	–	29,440,121
Restricted	2,359,000	2,349,925	4,708,925	–	4,708,925
Unrestricted	(248,165)	–	(248,165)	–	(248,165)
Total net position	33,900,881	–	33,900,881	–	33,900,881
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 78,504,510	$ 30,250,000	$108,754,510	$(27,900,075)	$ 81,854,435

See Independent Auditors' Report.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016

	DISTRICT	AUTHORITY	TOTALS	ELIMI–NATING ENTRIES	TOTALS
OPERATING REVENUES:					
Disposal fees	$ 21,302,194	$ –	$ 21,302,194	$ –	$ 21,302,194
Last Chance Mercantile sales	821,584	–	821,584	–	821,584
Power sales	815,000	–	815,000	–	815,000
Scale and operational services	763,309	–	763,309	–	763,309
Recycled material sales	378,299	–	378,299	–	378,299
Landscape product sales	308,019	–	308,019	–	308,019
Sand sales	241,950	–	241,950	–	241,950
Total operating revenues	24,630,355	–	24,630,355	–	224,630,355
OPERATING EXPENSES:					
Salaries	7,120,734	–	7,120,734	–	7,120,734
Employee benefits	3,408,960	–	3,408,960	–	3,408,960
Depreciation and amortization	2,497,308	–	2,497,308	–	2,497,308
Fuel	1,565,597	–	1,565,597	–	1,565,597
Gas project maintenance	1,412,081	–	1,412,081	–	1,412,081
Taxes, licenses and permits	1,182,727	–	1,182,727	–	1,182,727
Maintenance of structures and equipment	776,270	–	776,270	–	776,270
Professional services	539,169	–	539,169	–	539,169
Recycling	508,582	–	508,582	–	508,582
Contractual services	443,495	–	443,495	–	443,495
Landfill closure and post closure care costs	223,000	–	223,000	–	223,000
Hazardous waste program	207,034	–	207,034	–	207,034
Insurance	173,358	–	173,358	–	173,358
Operating supplies	155,178	–	155,178	–	155,178
Office	152,107	–	152,107	–	152,107
Public awareness	118,092	–	118,092	–	118,092
Environmental services	93,209	–	93,209	–	93,209
Utilities	88,135	–	88,135	–	88,135
Safety equipment and supplies	79,718	–	79,718	–	79,718
Education, meetings and travel	68,705	–	68,705	–	68,705
Bad debt expense	25,142	–	25,142	–	25,142
Miscellaneous	15,762	–	15,762	–	15,762
Directors' fees	8,202	–	8,202	–	8,202
Total operating expenses	20,862,565	–	20,862,565	–	20,862,565
OPERATING INCOME	3,767,790	–	3,767,790	–	3,767,790

See Independent Auditors' Report.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(Continued)

	DISTRICT	AUTHORITY	TOTALS	ELIMI–NATING ENTRIES	TOTALS
OPERATING INCOME – Forward	$ 3,767,790	$ –	$ 3,767,790	$ –	$ 3,767,790
NON–OPERATING REVENUES (EXPENSES):					
Interest income	89,466	–	89,466	–	89,466
Rents and leases	55,848	–	55,848	–	55,848
Loss on disposition of Fixed Assets	(495,716)	–	(495,716)	–	(495,716)
Other income (expense)	7,830	–	7,830	–	7,830
Total non–operating revenues (expenses)	(342,572)	–	(342,572)	–	(342,572)
INCREASE IN NET POSITION	3,425,218	–	3,425,218	–	3,425,218
NET POSITION, BEGINNING OF YEAR	30,475,663	–	30,475,663	–	30,475,663
NET POSITION, END OF YEAR	$ 33,900,881	$ –	$ 33,900,881	$ –	$ 33,900,881

See Independent Auditors' Report.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

	DISTRICT	AUTHORITY	TOTALS	ELIMI– NATING ENTRIES	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 25,471,295	$ –	$ 25,471,295	$ –	$ 25,471,295
Cash paid to employees	(10,539,095)	–	(10,539,095)	–	(10,539,095)
Cash payments for goods and services	(6,880,471)	–	(6,880,471)	–	(6,880,471)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,051,729	–	8,051,729	–	8,051,729
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES –					
Other non-operating revenues	64,441	–	64,441	–	64,441
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	64,441	–	64,441	–	64,441
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Payments for capital acquisitions	(25,050,895)	–	(25,050,895)	–	(25,050,895)
Proceeds from disposition of fixed assets	865,000	–	865,000	–	865,000
Principal paid on revenue bonds	(895,000)	–	(895,000)	–	(895,000)
Interest paid on revenue bonds	(872,793)	–	(872,793)	–	(872,793)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(25,953,688)	–	(25,953,688)	–	(25,953,688)
CASH FLOWS FROM INVESTING ACTIVITIES –					
Investment income	81,230	–	81,230	–	81,230
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,756,288)	–	(17,756,288)	–	(17,756,288)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	39,838,518	–	39,838,518	–	39,838,518
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 22,082,230	$ –	$ 22,082,230	$ –	$ 22,082,230

See Independent Auditors' Report.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016
(Continued)

	DISTRICT	AUTHORITY	TOTALS	ELIMI–NATING ENTRIES	TOTALS
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income	$ 3,767,790	$ –	$ 3,767,790	$ –	$ 3,767,790
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	2,497,308	–	2,497,308	–	2,497,308
Loss from disposition of fixed assets	902,697	–	902,697	–	902,697
Estimated liability for landfill closure and post closure care costs	223,000	–	223,000	–	223,000
(Increase) decrease in:					
Accounts receivable – trade–net	(90,461)	–	(90,461)	–	(90,461)
Power sales receivable	387,294	–	387,294	–	387,294
Other receivables	(342,009)	–	(342,009)	–	(342,009)
Prepaid expenses	15,588	–	15,588	–	15,588
Deferred outflows	(401,622)	–	(401,622)	–	(401,622)
Increase (decrease) in:					
Accounts payable	660,720	–	660,720	–	660,720
Security deposits	61	–	61	–	61
Accrued compensated absences	132,726	–	132,726	–	132,726
Accrued State/County waste management fees	30,642	–	30,642	–	30,642
Accrued payroll and payroll liabilities	13,704	–	13,704	–	13,704
Deferred revenue	8,500	–	8,500	–	8,500
Net pension liabilities/Deferred inflows	245,791	–	245,791	–	245,791
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 8,051,729	$ –	$ 8,051,729	$ –	$ 8,051,729
CASH AND CASH EQUIVALENTS AT JUNE 30:					
Unrestricted cash and cash equivalents	$ 10,155,185	$ –	$ 10,155,185	$ –	$ 10,155,185
Restricted cash and cash equivalents held with:					
Bank for bond restricted capital projects	7,218,120	–	7,218,120	–	7,218,120
Bond Trustee for bond reserve fund	2,349,925	–	2,349,925	–	2,349,925
LAIF for landfill closure and post closure care costs	1,359,000	–	1,359,000	–	1,359,000
LAIF for environmental impairment fund	1,000,000	–	1,000,000	–	1,000,000
Total restricted cash and cash equivalents	11,927,045	–	11,927,045	–	11,927,045
TOTAL CASH AND CASH EQUIVALENTS, END OF YEAR	$ 22,082,230	$ –	$ 22,082,230	$ –	$ 22,082,230

See Independent Auditors' Report.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

ACTUAL TO BUDGET

FOR THE YEAR ENDED JUNE 30, 2016

	ACTUAL	DISTRICT BUDGET	VARIANCE
OPERATING REVENUES:			
Disposal fees	$ 21,302,194	$ 17,175,000	$ 4,127,194
Last Chance Mercantile sales	821,585	750,000	71,585
Power sales	815,000	1,250,000	(435,000)
Scale and operational services	764,067	145,000	619,067
Recycled material sales	377,540	425,000	(47,460)
Landscape product sales	308,019	405,000	(96,981)
Sand sales	241,950	130,000	111,950
Total operating revenues	24,630,355	20,280,000	4,350,355
OPERATING EXPENSES:			
Salaries	7,120,734	7,160,000	(39,266)
Employee benefits	3,408,960	3,645,000	(236,040)
Depreciation and amortization	2,497,308	2,700,000	(202,692)
Fuel	1,565,597	660,000	905,597
Gas project maintenance	1,412,081	1,125,000	287,081
Taxes, licenses and permits	1,182,727	1,050,000	132,727
Maintenance of structures and equipment	776,269	675,000	101,269
Professional services	539,169	500,000	39,169
Recycling	508,582	665,000	(156,418)
Contractual services	443,495	535,000	(91,505)
Landfill closure and post closure care costs	223,000	230,000	(7,000)
Hazardous waste program	207,034	200,000	7,034
Insurance	173,358	180,000	(6,642)
Operating supplies	155,178	125,000	30,178
Office	152,107	125,000	27,107
Public awareness	118,092	150,000	(31,908)
Environmental services	93,209	150,000	(56,791)
Utilities	88,135	50,000	38,135
Safety equipment and supplies	79,718	110,000	(30,282)
Education, meetings and travel	68,705	70,000	(1,295)
Bad debt expense	25,142	–	25,142
Miscellaneous	15,763	20,000	(4,237)
Directors' fees	8,202	9,000	(798)
Total operating expenses	20,862,565	20,134,000	728,565
INCOME FROM OPERATIONS	3,767,790	146,000	3,621,790

See Independent Auditors' Report.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

ACTUAL TO BUDGET

FOR THE YEAR ENDED JUNE 30, 2016
(Continued)

	ACTUAL	DISTRICT BUDGET	VARIANCE
INCOME FROM OPERATIONS	$ 3,767,790	$ 146,000	$ 3,621,790
NON–OPERATING REVENUES (EXPENSES)			
Interest income	89,466	30,000	59,466
Rent and leases	55,848	195,000	(139,152)
Loss on disposition of fixed assets	(495,715)	-	(495,715)
Interest expense	-	(1,200,000)	1,200,000
Other income (expense)	7,830	5,000	2,830
Total non-operating revenues (expenses)	(342,571)	(970,000)	627,429
INCREASE (DECREASE) IN NET POSITION	$ 3,425,219	$ (824,000)	$ 4,249,219

See Independent Auditors' Report.