MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2015

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MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

BOARD OF DIRECTORS

FOR THE YEAR ENDED

JUNE 30, 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 2015
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		

BIANCHI, KASAVAN & POPE, LLP
Certified Public Accountants & Business Consultants

Robert W. Bianchi, CPA
Gail A. Delorey, CPA
Charles D. Doglione, CPA
Joseph A. Garcia, CRTP
Mary Hubbell, CRTP
Carla S. Hudson, CPA, ABV
David G. Huey, CPA
Jesse Lopez, CPA
Gordon A. Rubbo, CPA

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 (the District), as of and for the year ended June 30, 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 financial position of the District, as of June 30, 2015, and the changes in financial position and 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.

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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 49 – 50, the schedule of pension plan contributions on page 50, and budgetary comparison information on pages 59 – 60 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 53 – 58 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. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68,* during fiscal year 2014-15.

Brownli, Kavanaugh & Pope, LLP

Salinas, California
December 11, 2015

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2015

This section of Monterey Regional Waste Management District's (the District) annual financial report presents a discussion and analysis of the District's performance during the fiscal year that ended June 30, 2015. 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 (the 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 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.

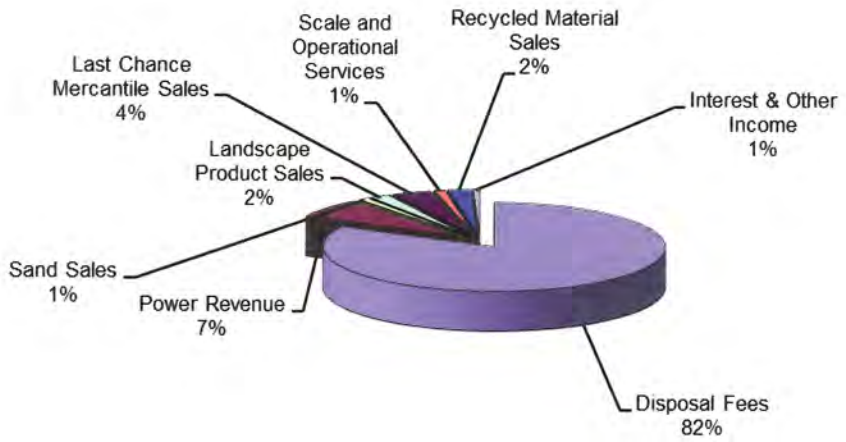
FINANCIAL HIGHLIGHTS

- Operating revenues increased by 1.5% to $22.3 million and operating expenses increased by 3.1% to $19.7 million.
- Capital expenditures for buildings, equipment, and infrastructure were $9.5 million.
- Operating revenues were above budgeted revenues by $1.2 million. Operating expenses were above budgeted amounts by $0.2 million. Capital outlay was below budgeted amounts by $12.8 million. Non-operating revenues/expenses were above budgeted levels by $0.1 million.

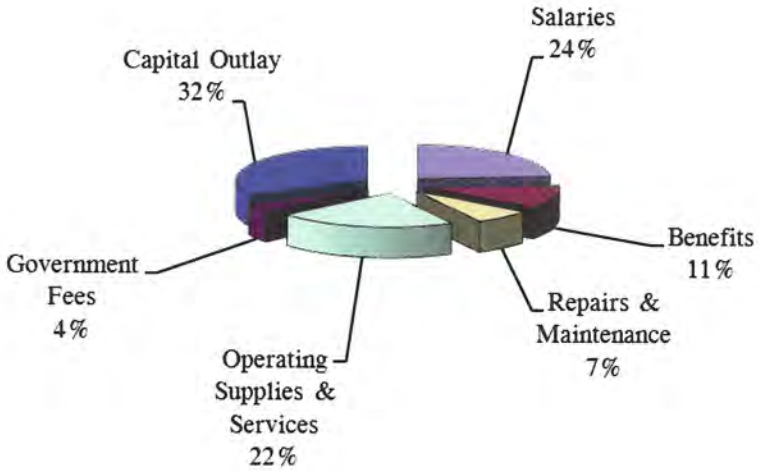
FINANCIAL HIGHLIGHTS (Continued)

The following figures show the District's sources of revenues and areas of expenditures for fiscal year 2015:

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.

New Significant Accounting Standards Implemented

In fiscal year 2014-15, the District adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to pension activity:

- Statement No. 68, *"Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27,"* and
- Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68"*

Statement No. 68 (GASB 68) establishes standards of accounting and financial reporting, but not funding or budgetary standards, for the District's defined benefit pension plans. This Statement replaces the requirements of prior GASB statements impacting accounting and disclosure of pensions.

The significant impact to the District of implementing Statement No. 68 is the reporting of the District's unfunded pension liability on the District's full accrual basis of accounting financial statements. There are also new note disclosure requirements and supplementary schedules required by the Statement.

The measurement date for the pension liabilities is as of June 30, 2014. This date reflects a one year lag and was used so that these financial statements could be issued in an expedient manner. Activity (i.e., contributions made by the District) occurring during fiscal year 2014-15 is reported as deferred outflows of resources in accordance with Statement No. 71.

In order to implement the Statement, a prior period adjustment was made to the District's July 1, 2014, net position. This prior period adjustment decreased the District's net position by $6,509,647 from $34,697,931 to $28,188,284 and reflects the reporting of: 1) net pension liabilities of $7,231,687, and 2) deferred outflows of resources of $722,040. Please refer to Note 7 for more information regarding the District's pension.

The adoption of Statement No. 68 has no impact on the District's actuarially determined contribution (formerly referred to as the "annual required contribution") or the calculation of pension contributions made to the pension.

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, 2015, was approximately $30.5 million, a 12.2% decrease over net position at June 30, 2014 (See Table A-1). Total assets and deferred outflows increased by 92.2% to $76.9 million and total liabilities and deferred inflows increased 770.1% to $46.4 million. These changes are primarily the result of the issuance of $32.8 million in Revenue Bonds and the recording of the $5.5 million Net Pension Liability in accordance with GASB 68.

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

	2015	2014	2013	Change 2015 to 2014	Change 2014 to 2013
Current Assets	$ 10,089	$ 11,767	$ 8,940	(14.3%)	31.6%
Restricted Assets	33,024	2,140	2,049	1,443.2%	4.4%
Deposit	49	49	25	-	96.0%
Capital Assets–Net	32,763	25,863	26,106	26.7%	(0.9%)
Intangible Assets–Net	170	205	258	(17.1%)	(20.5%)
Total Assets	76,095	40,024	37,378	90.1%	7.1%
Deferred Outflows	815	-	-	100.0%	-
Total Assets and Deferred Outflows	$ 76,910	$ 40,024	$ 37,378	92.2%	7.1%
Current Liabilities	$ 2,497	$ 659	$ 1,235	278.9%	(46.6%)
Non–Current Liabilities	6,656	1,095	1,035	507.9%	5.8%
Revenue Bonds Payable	31,885	-	-	100.0%	-
Est. Closure/Post Closure Costs	3,778	3,572	3,381	5.8%	5.6%
Total Liabilities	44,816	5,326	5,651	741.5%	(5.8%)
Deferred Inflows	1,618	-	-	100.0%	-
Net Position:					
Invested in Capital Assets– Net of Debt	28,441	26,068	26,136	9.1%	(0.3%)
Restricted	4,736	2,140	2,049	121.3%	4.4%
Unrestricted	(2,701)	6,490	3,542	(141.6%)	83.3%
Total Net Position	30,476	34,698	31,727	(12.2%)	9.4%
Total Liabilities, Deferred Inflows, and Net Position	$ 76,910	$ 40,024	$ 37,378	92.2%	7.1%

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Revenues, Expenses and Changes in Net Position

Operating revenues increased by 1.5% to $22,251,000 (See Table A-2). Some of the major impacts on District revenues are from:

- Revenues from disposal fees increased by 7.6% 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 36.8% due primarily to the decrease in the market price for electricity and taking one of the engine/generators offline due to increased maintenance requirements to comply with air emissions.
- Recycled material sales decreased by 25.3% due primarily to decreased prices for commodities.
- Scale and operational services increased by 19.2% due primarily for services provided to the new franchise hauler.
- Decreased tons sold of sand resulted primarily from reduction in construction activity.
- Last Chance Mercantile sales increased by 17.2% due to the more aggressive pricing and donations of higher valued items for resale.

Operating expenses increased by 3.1% to $19,655,000. Salaries increased by 11.5% or $721,000, due to the implementation of new union contracts and step increases for 70% of the staff. Benefits decreased by 1.1% as employees are responsible for an increased portion of the pension plan contributions that were partially offset by workers compensation cost increases. Health insurance rates remained stable during the year. Repairs and maintenance decreased by 8.4% or $184,000 due to decreased repairs on mobile refuse handling and landfill gas-to-energy project equipment. Operating Supplies and Services remained stable showing a decrease of 1.0% or $36,000. Taxes, licenses and permits increased by 9.6% due primarily to the increase in waste received subject to contract pricing.

The cost of issuance of the 2015 revenue bonds of $449,000 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)

	2015	2014	2013	Change 2015 to 2014	Change 2014 to 2013
Operating Revenues					
Disposal Fees	$ 18,463	$ 17,161	$ 16,145	7.6%	6.3%
Power Sales	1,584	2,505	2,377	(36.8%)	5.4%
Last Chance Mercantile Sales	810	691	736	17.2%	(6.1%)
Recycled Material Sales	473	633	610	(25.3%)	3.8%
Landscape Product Sales	438	444	338	(1.4%)	31.4%
Scale and Operational Services	242	203	206	19.2%	(1.5%)
Sand Sales	241	291	222	(17.2%)	31.5%
Total Operating Revenues	22,251	21,928	20,634	1.5%	6.3%
Operating Expenses					
Salaries	6,969	6,248	6,590	11.5%	(5.2%)
Employee Benefits	3,309	3,347	3,519	(1.1%)	(4.9%)
Depreciation and Amortization	2,605	2,590	2,573	0.6%	0.7%
Repairs and Maintenance	2,004	2,188	2,038	(8.4%)	7.4%
Operating Supplies, Services and Other Expenses	3,521	3,557	3,101	(1.0%)	14.7%
Taxes, Licenses and Permits	1,041	950	913	9.6%	4.0%
Closure/Post Closure Costs	206	191	189	7.9%	1.1%
Total Operating Expenses	19,655	19,071	18,923	3.1%	0.8%
Operating Income	2,596	2,857	1,711	(9.1%)	67.0%
Non-Operating Revenues (Expenses)					
Interest Income	65	61	74	6.6%	(17.6%)
Other Revenue (Expenses)	(374)	59	(934)	(633.9%)	(106.3%)
Interest Expense-Revenue Bonds and Capital Leases	-	(6)	(70)	100.0%	(91.4%)
Total Non-Operating Revenues (Expenses)	(309)	114	(930)	(271.1%)	(112.3%)
Change in Net Position	2,287	2,971	781	(23.0%)	280.4%
Total Net Position-Beginning of Year	34,698	31,727	30,946	(9.4%)	2.5%
Prior Period Adjustment	(6,509)	-	-	-	-
Beginning of Year, as restated	28,189	31,727	30,946	(11.2%)	2.5%
Total Net Position-End of Year	$ 30,476	$ 34,698	$ 31,727	(12.2%)	9.4%

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 (LFG) decreased salaries and benefits and LFG gas purchases partially offset by increased repair and maintenance costs, the Material Recovery Facility's reduction in staff and maintenance costs were partially offset by the cost of hauling recycled materials and depreciation expense, and the Site/Landfill's decreases in the 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		Revenues			Change		Net Costs of Services			Change	
	2015	2014	2013	2015-2014	2014-2013	2015	2014	2013	2015-2014	2014-2013	2015	2014	2013	2015-2014	2014-2013
Admin/Organization	$3,767	$3,668	$3,563	2.7%	3.0%	$0	$0	$0	0.0%	0.0%	$3,767	$3,668	$3,563	2.7%	3.0%
Public Awareness	412	413	358	0.2%	15.4%	0	0	0	0.0%	0.0%	412	413	358	(0.2%)	15.4%
Household Haz. Waste	618	557	562	11.0%	(0.9%)	29	28	28	3.6%	0.0%	589	529	534	11.3%	(1.1%)
Last Chance Mercantile	1,100	992	1,024	10.9%	(3.1%)	997	887	929	12.4%	(4.5%)	103	105	95	(1.9%)	10.5%
Landfill Gas Power	2,398	2,621	2,844	(8.5%)	(7.8%)	1,584	2,505	2,377	(36.8%)	5.4%	814	116	467	601.7%	(75.2%)
Shop	1,152	1,108	1,102	4.0%	0.5%	0	0	0	0.0%	0.0%	1,152	1,108	1,102	4.0%	0.5%
Material Recovery Fac.	4,981	4,614	4,522	8.0%	2.0%	3,993	3,926	3,654	1.7%	7.4%	988	688	868	43.6%	(20.7%)
Scales	535	628	516	(14.8%)	21.8%	12	16	15	(25.0%)	6.7%	523	612	501	(14.5%)	22.2%
Site/Landfill	4,694	4,470	4,432	5.0%	0.9%	15,636	14,566	13,631	7.3%	6.9%	(10,942)	(10,096)	(9,199)	8.4%	9.7%
	$19,656	$19,071	$18,923	3.1%	0.8%	$22,252	$21,928	$20,634	1.5%	6.3%	($2,596)	($2,857)	($1,711)	(9.1%)	67.0%

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 Material Recovery Facility along with the reimbursement for recycled e-waste and can and bottle buyback operations. The costs to sell and handle these items are included in the LCM operations.
- In FY 14-15 the Landfill Gas Power operations continued to incur unusual expenses from increased air emission testing and compliance requirements resulting in the taking one of the four engine/generators out of service 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 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 $22.3 million were $1.2 million above budget. The increase resulted primarily from an increase in disposal tipping fees due to 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 85.7% increase. Landscape product sales increased by 15.3% due to increased sales price for wood based products. Recycled Materials sales decreased due primarily to the reduction in prices for commodities.

Operating expenses of $19.7 million were $0.2 million above budget and non-operating expenses were $0.1 million above budget amounts. Salary expenses and benefits were below budgeted amounts by $0.1 million. Repairs and maintenance were over budget by $0.2 million primarily due to major repairs of the gas engine/generators. Other categories over budget were depreciation and amortization – $30,000, professional services - $103,000, landfill closure and post closure care costs – $6,000, taxes, licenses and permits – $86,000, fuel – $42,000, recycling – $22,000, office – $36,000, hazardous waste program - $27,000 and bad debt expense – $10,000. There were several items under budget; operating supplies – $8,000, environmental services – $47,000, safety equipment and supplies – $57,000, public awareness – $48,000, contractual services – $58,000 and education, meetings and travel - $16.000. Other expenses were $104,000 above budget.

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, 2015, totaled $32.8 million. (See Table A-4). The increase of $6.9 million from the prior year is due to the activity offsetting one another, as capital expenditures were $9.5 million and depreciation expense of $2.6 million.

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

	2015	2014	2013	Change 2015-2014	Change 2014-2013
Land	$ 578	$ 578	$ 578	0.0%	0.0%
Facilities and Infrastructure	8,815	9,500	9,960	(7.2%)	(4.6%)
Equipment	3,718	4,338	4,564	(14.3%)	(5.0%)
Power Project	4,282	3,683	3,946	16.3%	(6.7%)
Module Development	7,038	7,136	2,741	(1.4%)	160.5%
Construction in Progress	8,332	628	4,317	1,226.8%	(85.5%)
	$32,763	$25,863	$26,106	26.7%	(0.9%)

This year's major capital asset additions include:

- $4,625,000 truck maintenance, parking and fueling infrastructure construction in progress
- $1,395,000 upgrade landfill gas blower system and install enclosed ground flare facility
- $484,000 wood grinding equipment upgrade
- $245,000 for landfill gas engine/generator overhauls
- $1,359,000 for landfill gas engine/generator replacement construction in progress
- $1,127,000 landfill gas field collection expansion
- $255,000 material recovery refuse bin roll-off truck

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.

In May 2009, the District entered into a five year lease with an option to purchase a Jenbacher 420 Landfill Gas Engine Generator (1.4 megawatt) in the amount of $1,050,000. During 2014, principal payments of $228,000 were made, leaving the lease fully paid.

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. These projects will enhance and improve the current resource recovery operations of the District. These projects are not anticipated to have a significant impact of District operations until fully implemented in Fiscal Year 2016/2017. 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

STATEMENT OF NET POSITION

JUNE 30, 2015

ASSETS AND DEFERRED OUTFLOWS	
CURRENT ASSETS:	
Cash and cash equivalents – Note 3	$ 6,814,024
Accounts receivable – trade–net	1,787,368
Power sales receivable	603,754
Accrued interest receivable	5,585
Other receivables	220,016
Prepaid expenses	657,991
Total current assets	10,088,738
RESTRICTED CASH AND CASH EQUIVALENTS – Note 3	33,024,494
DEPOSIT	49,000
CAPITAL ASSETS – NET – Note 4	32,763,301
INTANGIBLE ASSETS – NET – Note 5	169,596
Total assets	76,095,129
DEFERRED OUTFLOWS – Note 7	814,974
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 76,910,103

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

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2015
(Continued)

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	
CURRENT LIABILITIES:	
Accounts payable	$ 864,961
Security deposits	2,610
Accrued liabilities:	
Compensated absences	313,189
State/County waste management fees	224,456
Payroll and payroll liabilities	87,884
Revenue bonds interest payable	108,666
Current portion of revenue bonds payable – Note 9	895,000
Total current liabilities	2,496,766
ACCRUED LIABILITIES:	
Compensated absences	1,127,449
NET PENSION LIABILITIES – Note 7	5,528,953
REVENUE BONDS PAYABLE – NET – Note 9	31,885,408
ESTIMATED LIABILITIES FOR LANDFILL CLOSURE AND POST CLOSURE CARE COSTS – Note 6	3,778,000
Total liabilities	44,816,576
DEFERRED INFLOWS – Note 7	1,617,864
NET POSITION: as restated	
Invested in capital assets, net of related debt	28,441,001
Restricted	4,735,983
Unrestricted	(2,701,321)
Total net position	30,475,663
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 76,910,103

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

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES:	
Disposal fees	$ 18,462,869
Power sales	1,584,187
Last Chance Mercantile sales	809,947
Recycled material sales	473,593
Landscape product sales	438,042
Scale and operational services	241,765
Sand sales	241,376
Total operating revenues	22,251,779
OPERATING EXPENSES:	
Salaries	6,969,375
Employee benefits	3,308,831
Depreciation and amortization	2,604,940
Gas project maintenance	1,265,168
Taxes, licenses and permits	1,040,627
Maintenance of structures and equipment	739,053
Fuel	717,035
Professional services	702,883
Recycling	661,919
Contractual services	417,235
Hazardous waste program	211,544
Landfill closure and post closure care costs	206,000
Insurance	159,322
Office	136,491
Operating supplies	116,572
Environmental services	102,735
Public awareness	101,951
Education, meetings and travel	54,010
Safety equipment and supplies	52,678
Utilities	50,028
Miscellaneous	17,763
Bad debt expense	10,442
Directors' fees	8,850
Total operating expenses	19,655,452
OPERATING INCOME	2,596,327

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

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

OPERATING INCOME – Forward	$ 2,596,327
NON–OPERATING REVENUES (EXPENSES):	
Interest income	65,165
Rents and leases	51,419
Cost of revenue bonds issuance – Note 9	(449,386)
Other income (expense)	23,854
Total non-operating revenues (expenses)	(308,948)
INCREASE IN NET POSITION	2,287,379
NET POSITION, BEGINNING OF YEAR	34,697,931
PRIOR PERIOD ADJUSTMENT – Note 7	(6,509,647)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	28,188,284
NET POSITION, END OF YEAR	$ 30,475,663

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

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 22,512,791
Cash paid to employees	(10,312,531)
Cash payments for goods and services	(6,204,367)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,995,893
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES –	
Other non-operating revenues	75,333
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	75,333
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments for capital acquisitions	(9,470,338)
Proceeds from issuance of revenue bonds	32,781,477
Cost of revenue bonds issuance	(449,386)
Interest paid on revenue bonds and capital leases	107,598
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	22,969,351
CASH FLOWS FROM INVESTING ACTIVITIES –	
Investment income	65,165
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,105,742
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,732,776
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 39,838,518

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

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 2,596,327
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,604,940
Estimated liability for landfill closure and post closure care costs	206,000
(Increase) decrease in:	
Accounts receivable – trade–net	(363,177)
Power sales receivable	685,252
Other receivables	(50,621)
Prepaid expenses	(371,940)
Deferred outflows	(92,934)
Increase (decrease) in:	
Accounts payable	698,835
Security deposits	-
Accrued compensated absences	133,491
Accrued State/County waste management fees	24,602
Accrued payroll and payroll liabilities	9,988
Net pension liabilities/Deferred inflows	(84,870)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,995,893
CASH AND CASH EQUIVALENTS AT JUNE 30:	
Unrestricted cash and cash equivalents	$ 6,814,024
Restricted cash and cash equivalents held with:	
Bank for bond capital expenditures	28,414,701
Bond Trustee for bond reserve fund	2,371,793
LAIF for landfill closure and post closure care costs	1,238,000
LAIF for environmental impairment fund	1,000,000
Total restricted cash and cash equivalents	33,024,494
TOTAL CASH AND CASH EQUIVALENTS, END OF YEAR	$ 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 (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 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 (the 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 (the 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 53 to 58 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, 2015, the balance is shown net of the allowance for uncollectible accounts of $175,000. 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. For this report, the following timeframes are used:

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 one item that qualifies for reporting in this category. This item is related to pensions reported in the Statement of Net Position. This represents the net effect of the District's contributions to the pension system subsequent to the measurement date and not included in pension expense.

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 one item that qualifies for reporting in this category. The item is related to pensions reported in the Statement of Net Position. This represents the net difference between projected and actual earnings on Pension Plan investments.

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.

Subsequent Events – Subsequent events have been evaluated through December 11, 2015, which is the date the financial statements were available to be issued.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data – The District implemented GASB No. 68 in the fiscal year ended June 30, 2015, which required a restatement to the District's net position. The financial statements for fiscal year ended June 30, 2014, could not be restated as the information required to do so was not readily available and the comparative data for the prior year has not been presented in the accompanying financial statements. See Note 7 for additional information.

Recently Issued and Adopted Accounting Pronouncements – GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

These pronouncements have been implemented for purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense/expenditures. Information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Future Accounting Pronouncements – GASB Statements Nos. 72-76 listed below will be implemented in future financial statements.

Statement No. 72 *"Fair Value Measurement and Application"* The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement No. 73 *"Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68"* The provisions of this statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

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

Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans"* The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

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.

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, 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, 2015.

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

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

Unrestricted Cash and Cash Equivalents	2015
Cash on hand	$ 6,140
Cash in bank	30,943,946
LAIF	8,888,432
Amounts held by Trustee for bond capital expenditure	(21,868)
Amounts held by Trustee for reserve account	(2,349,925)
Amounts held by Bank for bond capital expenditure	(28,414,701)
Amounts held by LAIF for landfill closure and post closure care costs	(1,238,000)
Amounts held by LAIF for environmental impairment fund	(1,000,000)
Total unrestricted cash and cash equivalents	$ 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
Cash held by Bank for bond capital expenditure	28,414,701
In LAIF — held for landfill closure and post closure care costs	1,238,000
In LAIF — held for environmental impairment fund	1,000,000
Total restricted cash and cash equivalents	$ 33,024,494

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.

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

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, 2015 was $8,888,432. The total fair value invested by all public agencies in LAIF at June 30, 2015 was $69,606,487,716. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities at June 30, 2015, totaling $1,447,948,000, approximately 0.97% of the total portfolio, and structured notes totaling $0, approximately 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, 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 is computed using the straight-line method over a period of thirty years. Intangible assets at June 30, 2015 are summarized as follows:

Revised site master plan	$ 738,557
Accumulated amortization	(568,961)
Intangible assets - net	$ 169,596

Amortization expense totaled $34,865 for the year ended June 30, 2015.

Estimated amortization of intangible assets for the five succeeding years:

For the year ended June 30,	Estimated Amortization Expense
2016	$16,025
2017	$16,025
2018	$16,025
2019	$16,025
2020	$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 $3,778,000 as of June 30, 2015 which was based on 17.2% usage (filled) of the landfill at that date. It is estimated that an additional $18,096,000 will be recognized as landfill closure and post closure care expenses between June 30, 2015, 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 $21,993,000 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, 2015.

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, 2015 investments of $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, 2013 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, 2014 (the measurement date), the average active employee contribution rate is 6.984% of annual pay and the employer's contribution rate is 12.495% 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, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 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, 2013 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 7.50%. 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 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan. However, employers may determine the impact at the rate plan level for their own financial reporting purposes. Refer to page 8 of this report, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

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 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our 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	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(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 Comprehensive Annual Financial Report closing and final reconciled reserves.

NOTE 7. NET PENSION LIABILITIES (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	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

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 36, 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)

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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

	Discount Rate -1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset)	$ 9,560,601	$ 5,528,953	$ 2,198,021

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 2013-14 measurement period is 5.2 years, which was obtained by dividing the total service years of 1,049 (the sum of remaining service lifetimes of the active employees) by 203 (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 period ending June 30, 2014 (the measurement date), the District incurred a pension expense/(income) of $637,169 for the Plan. A complete breakdown of the pension expense is as follows:

	Amount
Service cost	$ 911,220
Interest on the total pension liability	2,042,432
Changes of benefit terms	-
Recognized differences between expected and actual experience	-
Recognized changes of assumptions	-
Employee contributions	(411,403)
Projected earnings on pension plan investments	(1,500,614)
Recognized differences between projected and actual earnings on:	
Plan investments	(404,466)
Other changes in fiduciary net position	-
Total Pension Expense/(Income)	$ 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, 2014 (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	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,617,864)
Pension contributions subsequent to the measurement date	814,974	-
	$ 814,974	$ (1,617,864)

The amounts above are net of outflows and inflow recognized in the 2013-14 measurement period expense. $814,974 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, 2016. 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
2015	$ (404,466)
2016	(404,466)
2017	(404,466)
2018	(404,466)
	$ (1,617,864)

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 beginning of year, 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 beginning of year, as restated	$ 28,188,284

NOTE 8. POSTEMPLOYMENT 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, 2015, the District paid to retirees approximately $11,000.

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

NOTE 8. POSTEMPLOYMENT 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 2015, the District's annual OPEB cost is expected to be $71,000. 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, 2015, is as follows:

Annual required contribution	$ 71,000
Interest on net OPEB obligation	–
Adjustment of annual required contribution	–
Annual OPEB cost	71,000
Less contributions made	11,000
Change in net OPEB obligation	60,000
Net OPEB obligation beginning of year	318,000
Net OPEB obligation end of year	$ 378,000

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

NOTE 8. POSTEMPLOYMENT 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, 2014	July 1, 2013	July 1, 2012	July 1, 2011	July 1, 2010
Actuarial accrued liability (AAL)	$600,000	$550,000	$550,000	$540,000	$520,000
Actuarial value of plan assets	–	–	–	–	–
Unfunded actuarial accrued liability (UAAL)	$600,000	$550,000	$550,000	$540,000	$520,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$4,900,000	$4,600,000	$4,800,000	$4,800,000	$4,800,000
UAAL as percentage of covered payroll	12.24%	11.96%	11.46%	11.25%	10.83%

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. POSTEMPLOYMENT 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, 2015, was 24 years.

NOTE 9. REVENUE BONDS PAYABLE - NET

The 2015 Series A and B Revenue Bonds (the 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 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
2015	—	—	—	—	—	—	—
2016	2.000%	$ 525,000	$ 643,880	2.000%	$ 370,000	$ 436,299	$ 1,975,179
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		$18,355,000	$9,157,774		$12,790,000	$6,247,736	$46,550,510

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 $10,864,800. As of June 30, 2015 the balance to finish plus retainage was $8,295,084.

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.

NOTE 12. SUBSEQUENT EVENTS

In October 2015, the District entered into an agreement for the purchase and installation of Material Recovery Facility improvement project. The contract price of $14,814,905 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.

NOTE 13. CONCENTRATION IN SALES TO CUSTOMERS

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

NOTE 14. 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

JUNE 30, 2015

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

Measurement Period		FY 2013-14(1)
Total Pension Liability:		
Service Cost	$	911,220
Interest		2,042,432
Changes of Benefit Terms		-
Difference Between Expected and Actual Experience		-
Changes of Assumptions		-
Benefit Payments, Including Refunds of Employee Contributions		(878,085)
Net Change in Total Pension Liability		2,075,567
Total Pension Liability – Beginning		27,215,848
Total Pension Liability – Ending (a)	$	29,291,415
Plan Fiduciary Net Position:		
Contributions – Employer	$	722,039
Contributions – Employee		411,403
Net Investment Income(2)		3,522,944
Benefit Payments, Including Refunds of Employee Contributions		(878,085)
Other Changes in Fiduciary Net Position		-
Net Change in Fiduciary Net Position		3,778,301
Plan Fiduciary Net Position – Beginning		19,984,161
Plan Fiduciary Net Position – Ending (b)	$	23,762,462
Plan Net Pension Liability/(Asset) – Ending (a) –(b)	$	5,528,953
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		81.12%
Covered-Employee Payroll	$	5,829,943
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll		94.84%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.
(2) Net of administrative expenses

See Independent Auditors' Report.

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, 2013. 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: There were no changes in assumptions.

SCHEDULE OF PENSION PLAN CONTRIBUTIONS [1]

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

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 $5,660,139 was assumed to increase by the 3.00% payroll growth assumption.

See Independent Auditors' Report.

Notes to the schedule of pension plan contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 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, 2015

	DISTRICT	AUTHORITY	TOTALS	ELIMIN-ATING ENTRIES	TOTALS
CURRENT ASSETS:					
Cash and cash equivalents	$ 6,814,024	$ –	$ 6,814,024	$ –	$ 6,814,024
Accounts receivable – trade–net	1,787,368	–	1,787,368	–	1,787,368
Power sales receivable	603,754	–	603,754	–	603,754
Accrued interest receivable	5,585	–	5,585	–	5,585
Other receivables	220,016	–	220,016	–	220,016
Prepaid expenses	657,991	–	657,991	–	657,991
Total current assets	10,088,738	–	10,088,738	–	10,088,738
RESTRICTED CASH AND CASH EQUIVALENTS:					
Cash and cash equivalents held by Bond Trustee for bond capital expenditures	21,868	–	21,868	–	21,868
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	28,414,701	–	28,414,701	–	28,414,701
Cash and cash equivalents held by LAIF – reserved for landfill closure and post closure care costs	1,238,000	–	1,238,000	–	1,238,000
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	30,674,569	2,349,925	33,024,494	–	33,024,494
DEPOSIT	49,000	–	49,000	–	49,000
DUE FROM DISTRICT	–	28,795,075	28,795,075	(28,795,075)	–
CAPITAL ASSETS – NET	32,763,301	–	32,763,301	–	32,763,301
INTANGIBLE ASSETS – NET	169,596	–	169,596	–	169,596
Total Assets	73,745,204	31,145,000	104,890,204	(28,795,075)	76,095,129
DEFERRED OUTFLOWS	814,974	–	814,974	–	814,974
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 74,560,178	$ 31,145,000	$105,705,178	$(28,795,075)	$ 76,910,103

See Independent Auditors' Report.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2015
(Continued)

	DISTRICT	AUTHORITY	TOTALS	ELIMIN-ATING ENTRIES	TOTALS
CURRENT LIABILITIES:					
Accounts payable	$ 864,961	$ –	$ 864,961	$ –	$ 864,961
Security deposits	2,610	–	2,610	–	2,610
Accrued liabilities:					
Compensated absences	313,189	–	313,189	–	313,189
State/County waste management fees	224,456	–	224,456	–	224,456
Payroll and payroll liabilities	87,884	–	87,884	–	87,884
Interest on Revenue Bonds	108,666	–	108,666	–	108,666
Current portion of revenue bonds payable	–	895,000	895,000	–	895,000
Total current liabilities	1,601,766	895,000	2,496,766	–	2,496,766
ACCRUED LIABILITES:					
Compensated absences	1,127,449	–	1,127,449	–	1,127,449
Net pension liability	5,528,953	–	5,528,953	–	5,528,953
Due to Authority	28,795,075	–	28,795,075	(28,795,075)	–
Revenue bonds payable - net	1,635,408	30,250,000	31,885,408	–	31,885,408
ESTIMATED LIABILITY FOR LANDFILL CLOSURE AND POST CLOSURE CARE COSTS	3,778,000	–	3,778,000	–	3,778,000
Total liabilities	42,466,651	31,145,000	73,611,651	(28,795,075)	44,816,576
DEFERRED INFLOWS	1,617,864	–	1,617,864	–	1,617,864
NET POSITION:					
Invested in capital assets, net of related debt	28,441,001	–	28,441,001	–	28,441,001
Restricted	4,735,983	–	4,735,983	–	4,735,983
Unrestricted	(2,701,321)	–	(2,701,321)	–	(2,701,321)
Total net position	30,475,663	–	30,475,663	–	30,475,663
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 74,560,178	$ 31,145,000	$105,705,178	$(28,795,075)	$ 76,910,103

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, 2015

	DISTRICT	AUTHORITY	TOTALS	ELIMIN-ATING ENTRIES	TOTALS
OPERATING REVENUES:					
Disposal fees	$ 18,462,869	$ –	$ 18,462,869	$ –	$ 18,462,869
Power sales	1,584,187	–	1,584,187	–	1,584,187
Last Chance Mercantile sales	809,947	–	809,947	–	809,947
Recycled material sales	473,593	–	473,593	–	473,593
Landscape product sales	438,042	–	438,042	–	438,042
Scale and operational services	241,765	–	241,765	–	241,765
Sand sales	241,376	–	241,376	–	241,376
Total operating revenues	22,251,779	–	22,251,779	–	22,251,779
OPERATING EXPENSES:					
Salaries	6,969,375	–	6,969,375	–	6,969,375
Employee benefits	3,308,831	–	3,308,831	–	3,308,831
Depreciation and amortization	2,604,940	–	2,604,940	–	2,604,940
Gas project maintenance	1,265,168	–	1,265,168	–	1,265,168
Taxes, licenses and permits	1,040,627	–	1,040,627	–	1,040,627
Maintenance of structures and equipment	739,053	–	739,053	–	739,053
Fuel	717,035	–	717,035	–	717,035
Professional services	702,883	–	702,883	–	702,883
Recycling	661,919	–	661,919	–	661,919
Contractual services	417,235	–	417,235	–	417,235
Hazardous waste program	211,544	–	211,544	–	211,544
Landfill closure and post closure care costs	206,000	–	206,000	–	206,000
Insurance	159,322	–	159,322	–	159,322
Office	136,491	–	136,491	–	136,491
Operating supplies	116,572	–	116,572	–	116,572
Environmental services	102,735	–	102,735	–	102,735
Public awareness	101,951	–	101,951	–	101,951
Education, meetings and travel	54,010	–	54,010	–	54,010
Safety equipment and supplies	52,678	–	52,678	–	52,678
Utilities	50,028	–	50,028	–	50,028
Miscellaneous	17,763	–	17,763	–	17,763
Bad debt expense	10,442	–	10,442	–	10,442
Directors' fees	8,850	–	8,850	–	8,850
Total operating expenses	19,655,452	–	19,655,452	–	19,655,452
OPERATING INCOME	2,596,327	–	2,596,327	–	2,596,327

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, 2015
(Continued)

	DISTRICT	AUTHORITY	TOTALS	ELIMIN–ATING ENTRIES	TOTALS
OPERATING INCOME – Forward	$ 2,596,327	$ –	$ 2,596,327	$ –	$ 2,596,327
NON–OPERATING REVENUES (EXPENSES):					
Interest income	65,165	–	65,165	–	65,165
Rents and leases	51,419	–	51,419	–	51,419
Cost of issuance revenue bonds	(449,386)	–	(449,386)	–	(449,386)
Other income (expense)	23,854	–	23,854	–	23,854
Total non–operating revenues (expenses)	(308,948)	–	(308,948)	–	(308,948)
INCREASE IN NET POSITION	2,287,379	–	2,287,379	–	2,287,379
NET POSITION, BEGINNING OF YEAR	34,697,931	–	34,697,931	–	34,697,931
PRIOR PERIOD ADJUSTMENT	(6,509,647)	–	(6,509,647)	–	(6,509,647)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	28,188,284	–	28,188,284	–	28,188,284
NET POSITION, END OF YEAR	$ 30,475,663	$ –	$ 30,475,663	$ –	$ 30,475,663

See Independent Auditors' Report.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

	DISTRICT	AUTHORITY	TOTALS	ELIMIN-ATING ENTRIES	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 22,512,791	$ –	$ 22,512,791	$ –	$ 22,512,791
Cash paid to employees	(10,312,531)	–	(10,312,531)	–	(10,312,531)
Cash payments for goods and services	(6,204,367)	–	(6,204,367)	–	(6,204,367)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,995,893	–	5,995,893	–	5,995,893
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES –					
Other non-operating revenues	75,333	–	75,333	–	75,333
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	75,333	–	75,333	–	75,333
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Payments for capital acquisitions	(9,470,338)	–	(9,470,338)	–	(9,470,338)
Proceeds from issuance of revenue bonds	32,781,477	–	32,781,477	–	32,781,477
Cost of issuance of revenue bonds	(449,386)	–	(449,386)	–	(449,386)
Interest paid on revenue bonds	107,598	–	107,598	–	107,598
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	22,969,351	–	22,969,351	–	22,969,351
CASH FLOWS FROM INVESTING ACTIVITIES –					
Investment income	65,165	–	65,165	–	65,165
NET DECREASE IN CASH AND CASH EQUIVALENTS	29,105,742	–	29,105,742	–	29,105,742
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,732,776	–	10,732,776	–	10,732,776
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 39,838,518	$ –	$ 39,838,518	$ –	$ 39,838,518

See Independent Auditors' Report.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

	DISTRICT	AUTHORITY	TOTALS	ELIMIN-ATING ENTRIES	TOTALS
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income	$ 2,596,327	$ –	$ 2,596,327	$ –	$ 2,596,327
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	2,604,940	–	2,604,940	–	2,604,940
Estimated liability for landfill closure and post closure care costs	206,000	–	206,000	–	206,000
(Increase) decrease in:					
Accounts receivable – trade–net	(363,177)	–	(363,177)	–	(363,177)
Power sales receivable	685,252	–	685,252	–	685,252
Other receivables	(50,621)	–	(50,621)	–	(50,621)
Prepaid expenses	(371,940)	–	(371,940)	–	(371,940)
Deferred outflows	(92,934)	–	(92,934)	–	(92,934)
Increase (decrease) in:					
Accounts payable	698,835	–	698,835	–	698,835
Accrued compensated absences	133,491	–	133,491	–	133,491
Accrued State/County waste management fees	24,602	–	24,602	–	24,602
Accrued payroll and payroll liabilities	9,988	–	9,988	–	9,988
Net pension liabilities/Deferred inflows	(84,870)	–	(84,870)	–	(84,870)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,995,893	$ –	$ 5,995,893	$ –	$ 5,995,893
CASH AND CASH EQUIVALENTS AT JUNE 30:					
Unrestricted cash and cash equivalents	$ 6,814,024	$ –	$ 6,814,024	$ –	$ 6,814,024
Restricted cash and cash equivalents held with:					
Bank for bond restricted capital projects	28,414,701	–	28,414,701	–	28,414,701
Bond Trustee for bond reserve fund	2,371,793	–	2,371,793	–	2,371,793
LAIF for landfill closure and post closure care costs	1,238,000	–	1,238,000	–	1,238,000
LAIF for environmental impairment fund	1,000,000	–	1,000,000	–	1,000,000
Total restricted cash and cash equivalents	33,024,494	–	33,024,494	–	33,024,494
TOTAL CASH AND CASH EQUIVALENTS, END OF YEAR	$ 39,838,518	$ –	$ 39,838,518	$ –	$ 39,838,518

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, 2015

	ACTUAL	DISTRICT BUDGET	VARIANCE
OPERATING REVENUES:			
Disposal fees	$ 18,462,869	$ 17,100,000	$ 1,362,869
Power sales	1,584,187	2,000,000	(415,813)
Last Chance Mercantile sales	809,947	700,000	109,947
Recycled material sales	473,593	600,000	(126,407)
Landscape product sales	438,042	380,000	58,042
Scale and operational services	241,765	190,000	51,765
Sand sales	241,376	130,000	111,376
Total operating revenues	22,251,779	21,100,000	1,151,779
OPERATING EXPENSES:			
Salaries	6,969,375	6,985,000	(15,625)
Employee benefits	3,308,831	3,390,000	(81,169)
Depreciation and amortization	2,604,940	2,575,000	29,940
Gas project maintenance	1,265,168	1,125,000	140,168
Taxes, licenses and permits	1,040,627	955,000	85,627
Maintenance of structures and equipment	739,053	675,000	64,053
Fuel	717,035	675,000	42,035
Professional services	702,883	600,000	102,883
Recycling	661,919	640,000	21,919
Contractual services	417,235	475,000	(57,765)
Hazardous waste program	211,544	185,000	26,544
Landfill closure and post closure care costs	206,000	200,000	6,000
Insurance	159,322	160,000	(678)
Office	136,491	100,000	36,491
Operating supplies	116,572	125,000	(8,428)
Environmental services	102,735	150,000	(47,265)
Public awareness	101,951	150,000	(48,049)
Education, meetings and travel	54,010	70,000	(15,990)
Safety equipment and supplies	52,678	110,000	(57,322)
Utilities	50,028	50,000	28
Miscellaneous	17,763	20,000	(2,237)
Bad debt expense	10,442	–	10,442
Directors' fees	8,850	9,000	(150)
Total operating expenses	19,655,452	19,424,000	231,452
INCOME FROM OPERATIONS	2,596,327	1,676,000	920,327

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, 2015
(Continued)

	ACTUAL	DISTRICT BUDGET	VARIANCE
INCOME FROM OPERATIONS	$ 2,596,327	$ 1,676,000	$ 920,327
NON–OPERATING REVENUES (EXPENSES)			
Interest income	65,165	95,000	(29,835)
Rent and leases	51,419	45,000	6,419
Cost of issuing revenue bonds	(449,386)	-	(449,386)
Interest expense	-	(300,000)	300,000
Other income (expense)	23,854	5,000	18,854
Total non-operating revenues (expenses)	(308,948)	(155,000)	(153,948)
INCREASE IN NET POSITION	$ 2,287,379	$ 1,521,000	$ 766,379

See Independent Auditors' Report.