Annual Financial Report
June 30, 2019 and 2018

Monterey Regional Waste Management District

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT
ANNUAL FINANCIAL REPORT

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JUNE 30, 2019

BOARD OF DIRECTORS

**FOR THE YEAR ENDED
JUNE 30, 2019**

Member	Office	Representing	Term Expires
Carrie Theis	Chair	Carmel-By-The-Sea	November 2022
Jason Campbell	Vice-Chair	Seaside	December 2020
Bruce Delgado	Chair	Marina	December 2022
Gary Bales	Director	Pacific Grove	December 2022
Leo Laska	Director	Pebble Beach Community Services District	December 2019
Dan Albert	Director	Monterey	November 2020
Jane Parker	Director	Monterey County	December 2020
Dennis Allion	Director	Del Rey Oaks	December 2020
Jerry Blackwelder	Director	Sand City	December 2020
Timothy Flanagan	General Manager/ Secretary of the Board		

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Monterey Regional Waste Management District (District) as of and for the year ended June 30, 2019, 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.

Auditor's Responsibility

Our responsibility is to express opinions 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. 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 auditor's 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Monterey Regional Waste Management District, as of June 30, 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratio, schedule of pension plan contributions, and schedule of changes in the district's total OPEB liability and related ratios on pages 4—15 and 50—52 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

The financial statements of the District as of and for the year ended June 30, 2018, were audited by Vavrinek, Trine, Day & Co. LLP, who joined Eide Bailly LLP on July 22, 2019, and whose report dated February 7, 2019, expressed an unmodified opinion on those statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedules and the budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules and the budgetary comparison schedules 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 schedules and the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Eide Bailly LLP

Palo Alto, California
December 6, 2019

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2019 and JUNE 30, 2018

This section of Monterey Regional Waste Management District's (District) annual financial report presents a discussion and analysis of the District's performance during the fiscal year that ended June 30, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

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

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

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

FINANCIAL HIGHLIGHTS

Fiscal year 2018-19

- Operating revenues increased by 28.2 percent to $37.7 million and operating expenses increased by 15.4 percent to $33.5 million.
- Capital outlay for buildings, equipment and infrastructure were $7.4 million.
- Operating revenues were above budgeted revenues by $3.1 million. Operating expenses were above budgeted amounts by $1.6 million. Non-operating revenues/expenses were unfavorable to budgeted levels by $0.3 million.

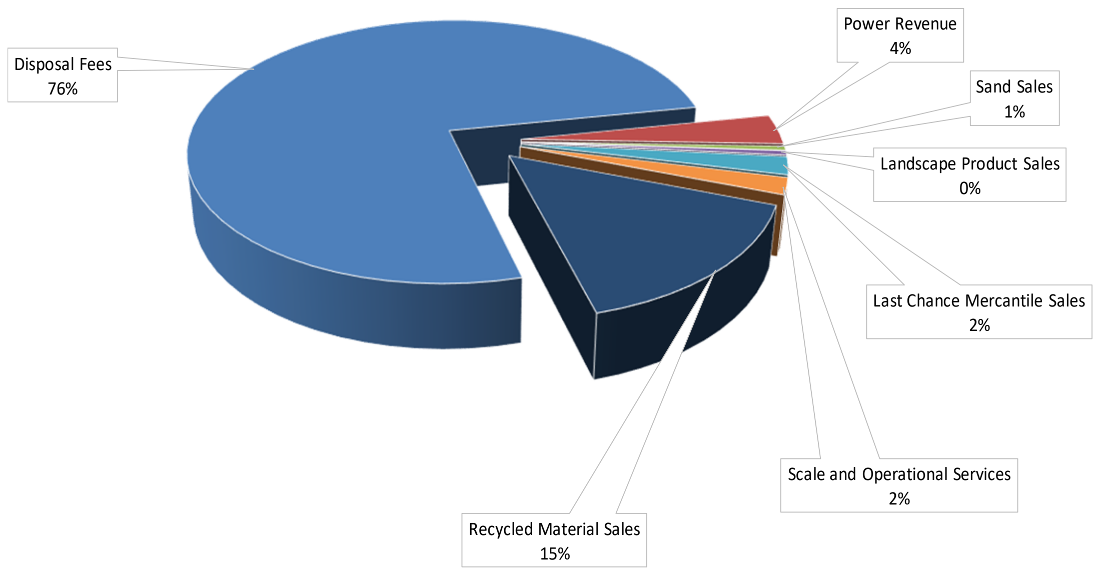
Fiscal year 2017-18

- Operating revenues increased by 11.4 percent to $29.4 million and operating expenses increased by 20.9 percent to $29.0 million.
- Capital expenditures for buildings, equipment and infrastructure were $10.4 million.
- Operating revenues were above budgeted revenues by $3.0 million. Operating expenses were above budgeted amounts by $3.1 million. Non-operating revenues/expenses were unfavorable to budgeted levels by $1.0 million.

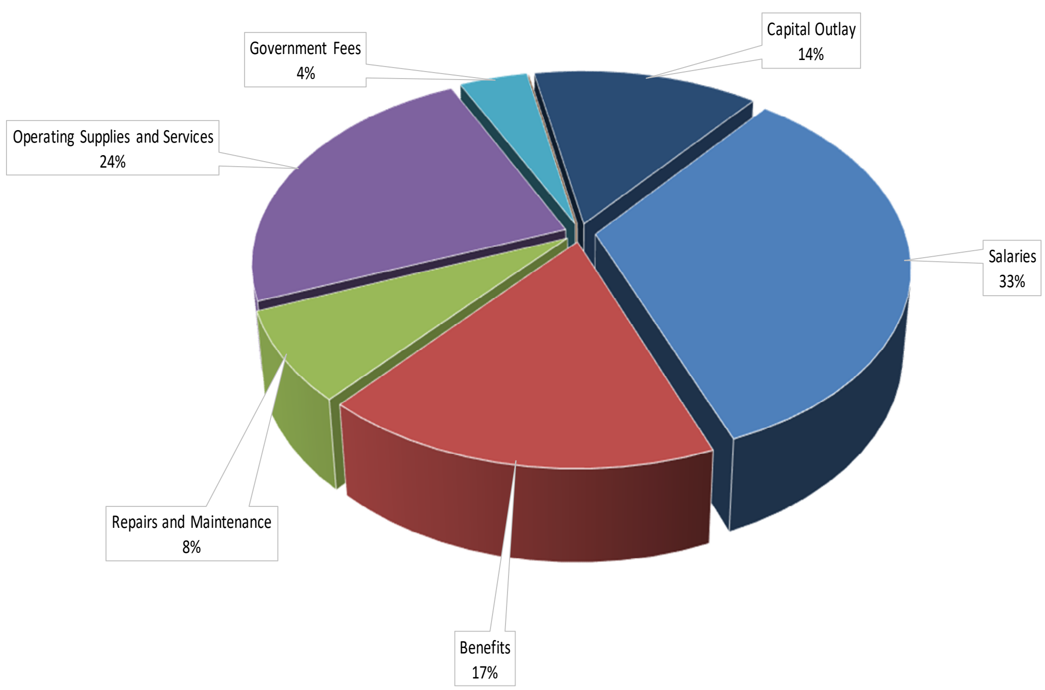
FINANCIAL HIGHLIGHTS (Continued)

The following figures show the District's sources of revenues and areas of expenditures for fiscal year 2019:

Sources of Revenue



Areas of Expense



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.

Net Position

Fiscal year 2018-19

The 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 District's total net position at June 30, 2019 was approximately $37.7 million, an 11.0 percent increase over net position at June 30, 2018 (See Table A-1). Most of the increase in total net position is attributable to our investments in capital assets, which increased $3.7 million or 9.9 percent from fiscal year 2018 to fiscal year 2019.

Total assets and deferred outflows increased by 35.0 percent to $119.0 million, reflecting increased investment in capital asset and cash receipts from the sales of revenue bonds.

Total liabilities and deferred inflows increased 50.0 percent to $81.3 million, reflecting increased borrowings from the sale of revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fiscal year 2017-18

The deficit unrestricted portion of net position is primarily the result of recording the net pension liability in accordance with Governmental Accounting Standards Statement No. 68 ($11.6 million) and the total other postemployment benefits liability in accordance with GASB Statement No. 75. ($2.3 million).

The District's total net position at June 30, 2018, was approximately $34.0 million, a 3.14 percent decrease over net position at June 30, 2017 (See Table A-1). Total assets and deferred outflows increased by 2.0 percent to $88.2 million and total liabilities and deferred inflows increased 5.4 percent to $54.2 million.

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

	2019	2018	2017	Change 2019 to 2018	Change 2018 to 2017
Current Assets	$ 38,380	$ 11,011	$ 16,567	248.6%	-33.5%
Restricted Assets	4,850	4,850	5,315	0.0%	-8.7%
Deposits	155	155	155	0.0%	0.0%
Capital Assets–Net	71,885	68,410	60,848	5.1%	12.4%
Intangible Assets–Net	105	122	137	-13.9%	-10.9%
Total Assets	115,375	84,548	83,022	36.5%	1.8%
Deferred Outflows	3,635	3,636	3,422	0.0%	6.3%
Total Assets and Deferred Outflows	$ 119,010	$ 88,184	$ 86,444	35.0%	2.0%
Current Liabilities	$ 7,035	$ 4,806	$ 4,528	46.4%	6.1%
Non–Current Liabilities	16,841	15,460	11,934	8.9%	29.5%
Revenue Bonds Payable	51,411	28,390	29,627	81.1%	-4.2%
Estimated Closure/Post Closure Costs	5,702	5,336	4,948	6.9%	7.8%
Total Liabilities	80,989	53,992	51,037	50.0%	5.8%
Deferred Inflows	312	227	341	37.4%	-33.4%
Total Liabilities and Deferred Inflows	$ 81,301	$ 54,219	$ 51,378	49.9%	5.5%
Net Position:					
Invested in Capital Assets– Net of Debt	41,809	38,056	29,782	9.9%	27.8%
Restricted	4,850	4,850	4,850	0.0%	0.0%
Unrestricted	(8,950)	(8,941)	434	0.1%	-2160.1%
Total Net Position	37,709	33,965	35,066	11.0%	-3.1%
Total Liabilities, Deferred Inflows, and Net Position	$ 119,010	$ 88,184	$ 86,444	35.0%	2.0%

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Revenues, Expenses and Changes in Net Position

Fiscal year 2018-19

Operating revenues increased by 28.2 percent to $37,746,293 (See Table A-2). Some of the major impacts on District revenues are from:

- Revenues from disposal fees increased by 12.9 percent due primarily to the increase in tonnage received under contract for disposal only.
- Power revenue increased by 28.5 percent due primarily to an increase in the market price for electricity and increased volume of power generated.
- Recycled material sales increased by 457.4 percent due primarily to having twelve months of sales in fiscal 2019 compared to five months of sales in the prior year. A more stable element of Material Recovery Facility (MRF) revenue are CRV values assigned to diverted products by CalRecycle. CRV values represent over 60 percent of total MRF revenue.
- Mulch, compost and woodchip sales increased 7.2 percent due to higher volume of woodchip sales.
- Sand sales decreased 16.1 percent compared to the prior year.
- Last chance mercantile sales increased by 0.9 percent.

Operating expenses increased by 15.4 percent to $33,515,275. Salaries increased by 13.6 percent, due to an increase in employees during the year to staff the MRF operations. Benefits decreased by 7.9 percent due to the increase in employees partially offset by a lower increase in the unfunded pension liability. Repairs and maintenance remained consistent with prior year. Operating supplies and services increased by 35.4 percent due to the increased costs of temporary employees and increased wood waste recycling costs. Taxes, licenses and permits increased by 43.9 percent due primarily to the increase in fees from regulatory agencies. The closure/post-closure costs decreased by 12.6 percent resulting from the submission of revised plans as part of the 5-year permit review process. The revised plans have not been approved and the regulating body has determined that the higher of the approved or revised plans should be used to calculate the current year's costs.

Higher bond interest expense and bond cost of issuance were the only significant changes from the prior year to non-operating revenues (expenses).

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fiscal year 2017-18

Operating revenues increased by 11.4 percent to $29,446,000 (See Table A-2). Some of the major impacts on District revenues are from:

- Revenues from disposal fees increased by 9.3 percent due primarily to a 16.8 percent increase in tonnage received under contract for disposal only.
- Power revenue increased by 55.4 percent due primarily to fewer operational interruptions compared to the prior year when the power generating engines were offline due to repairs.
- Recycled material sales increased by 285.1 percent due primarily to the re-opening of the Material Recovery Facility (MRF) in February 2018 and increased commodity shipments.
- Scale and operational services decreased 2.3 percent compared to the prior year.
- Sand sales increased 0.8 percent compared to the prior year.
- Last chance mercantile sales decreased by 1.1% due to decreased donations of higher valued items for resale as a result of competition from other sellers of recycled products and the shutdown of the material recovery facility for the installation of new processing machinery.

Operating expenses increased by 20.9 percent to $29,043,000. Salaries increased by 15.3 percent due to the step increases and cost of living increases in the union contracts and the filling of open positions in preparation for the enhanced operations resulting from the improved material recovery facility. Benefits increased by 35.7 percent due to increases in health insurance participation, pension and OPEB as computed in accordance with GASB 68 and GASB 75 and partially offset by a reduction in workers compensation costs. Repairs and maintenance increased by 11.8 percent due to increased repairs on mobile refuse handling offset by decreased expenditures for landfill gas-to-energy project equipment. Operating supplies and services increased by 44.9 percent from costs of recovery from the federally declared disasters during January and February 2017 and increased recycling service costs from increased redemption at the California can and bottle buyback program. Taxes, licenses and permits increased by 16.2 percent due primarily to the increase in waste received subject to contract pricing. The closure/postclosure costs increased by 117.1 percent resulting from the submission of revised plans as part of the 5-year permit review process. The revised plans have not been approved and the regulating body has determined that the higher of the approved or revised plans should be used to calculate the current year's costs.

The loss on the removal of the material recovery facility equipment for replacement compared to the disposition of a landfill gas-to-energy engine and the increase in rental income from the truck yard facility were the only significant change from the prior year to non-operating revenues (expenses).

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

	2019	2018	2017	Change 2019 to 2018	Change 2018 to 2017
Operating Revenues					
Disposal Fees	$ 28,747	$ 25,459	$ 23,286	12.9%	9.3%
Power Sales	1,334	1,038	668	28.5%	55.4%
Last Chance Mercantile Sales	797	790	799	0.9%	-1.1%
Recycled Material Sales	5,763	1,034	404	457.4%	155.9%
Landscape Product Sales	180	168	284	7.1%	-40.8%
Scale and Operational Services	742	739	772	0.4%	-4.3%
Sand Sales	183	218	216	-16.1%	0.9%
Total Operating Revenues	37,746	29,446	26,429	28.2%	11.4%
Operating Expenses					
Salaries	10,421	9,174	7,955	13.6%	15.3%
Employee Benefits	5,419	5,883	4,335	-7.9%	35.7%
Depreciation and Amortization	3,972	2,865	2,677	38.6%	7.0%
Repairs and Maintenance	2,376	2,414	1,894	-1.6%	27.5%
Operating Supplies, Services and Other Expenses	8,876	5,868	5,246	51.3%	11.9%
Taxes, Licenses and Permits	1,315	1,539	1,325	-14.6%	16.2%
Closure/Post Closure Costs	1,137	1,301	599	-12.6%	117.2%
Total Operating Expenses	33,516	29,044	24,031	15.4%	20.9%
Operating Income	4,230	402	2,398	952.2%	-83.2%
Non-Operating Revenues (Expenses)					
Interest Income	382	188	118	103.2%	59.3%
Other Revenue (Expenses)	377	357	(978)	5.6%	-136.5%
Interest Expense-Revenue Bonds and Capital Leases	(834)	(490)	(373)	70.2%	31.4%
Cost of Revenue Bonds Issuance	(411)	-	-	-	-
Total Non-Operating Revenues (Expenses)	(486)	55	(1,233)	-983.6%	-104.5%
Change in Net Position	3,744	457	1,165	719.3%	-60.8%
Total Net Position - Beginning of Year	33,965	33,508	33,901	1.4%	-1.2%
Total Net Position - End of Year	$ 37,709	$ 33,965	$ 35,066	11.0%	-3.1%

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Operating Revenue and Expenses by Department

Fiscal year 2018-19

- 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) revenue is from charges for small quantity generators.
- Last chance mercantile (LCM) revenue is from the sale of items received from the public and recovered from the Materials Recovery Facility.
- The District continues to incur expenses for air emission testing and compliance requirements for the landfill gas power operations. The District operations benefit from "free electricity" and the revenue from the sale of excess power generated by the landfill gas power operations.
- The revenue for the Materials Recovery Facility (MRF) includes the disposal fees for refuse and green waste diverted at the facility, along with the revenues for sales of recycled materials, scrap metal and landscape materials and the revenue from CalRecycle CRV refund claims.
- Certified weights for the public make up the Scale's revenue.

Fiscal year 2017-18

- 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) revenue is from charges for small quantity generators.
- Last chance mercantile (LCM) revenue is from the sale of items received from the public and recovered from the Materials Recovery Facility along with the reimbursement for recycled e-waste, can and bottle buyback operations. The costs to sell and handle these items are included in the LCM operations.
- In fiscal year 2016 –17, the landfill gas power operations experienced an engine failure and a fire that interrupted power production from two engines. These events are covered by insurance subject to the policy deductibles. The District continues to incur expenses for increased air emission testing and compliance requirements resulting in 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 benefit 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 green waste diverted at the facility, along with the revenues for sales of recycled materials, scrap metal and landscape materials. The District's expenses related to these sales are included in MRF operations.
- Certified weights for the public make up the scale's revenue.
- Site/landfill revenue reflects all the disposal fees not allocated to the MRF, along with sand sales, services provided to the franchise hauler and loading and push off service fees. The negative net cost shows that the fees for landfilling refuse are set at a level to support the other District programs.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Budget Highlights

Fiscal year 2018-19

The District's operating revenues of $37.7 million were $3.1 million above budget and non-operating revenue was $0.3 million below budget amounts. The increase resulted primarily from increased tonnage delivered for processing and disposal. Last chance mercantile, scale and operational services, power sales and sand sales remained stable to budget. Landscape product sales decreased due primarily to decreased availability of processed wood based products.

Operating expenses of $37.7 million were $3.1 million above budget. Salary expenses and benefits are $0.9 million above budget due to an increased headcount for the Material Recovery Facility and the pension expense recognizing the differences between actuarial assumptions and projected and actual plan investment earnings. Recycling costs were $1.3 million above budget due to credits given to the District's contract waste customer and increased volume of wood waste processing. Maintenance of structures and equipment were $0.3 million above budget due to higher maintenance costs on MRF equipment. Professional services costs were $0.3 million below budget due in part to less costs incurred temporary employees. Revised maintenance plans being submitted as part of the 5-year permit review process. The plans have not been approved and the higher of the previous approved or submitted costs were used to calculate the closure/post closure costs. (see Note 6). The contractual services were below budget due to less temporary workers in the MRF than was budgeted. Other categories over budget were gas project maintenance – $741,206; office expenses – $266,036; hazardous waste program – $123,353; public awareness – $72,259; fuel – $70,939; safety equipment and supplies – $60,368; environmental services – $26,948; and miscellaneous – $18,600.

There were several items under budget: operating supplies – $483,639; depreciation and amortization – $331,349; insurance – $168,797; landfill closure and post closure care costs – $133,632; education, meetings and travel – $37,393; utilities – $31,329; and bad debt expense – $14,720.

Fiscal year 2017-18

The District's operating revenues of $29.4 million were $1.7 million above budget and non-operating revenue was $1.0 million above budget amounts. The increase resulted primarily from increased tonnage delivered for processing and disposal. Last chance mercantile, scale and operational services and sand sales remained stable to budget. Landscape product sales decreased due primarily to decreased availability of processed wood based products resulting from reduced operations at the Landfill Gas to Energy Facility from mechanical and accidental incidents. Power Sales increased 55.4 percent due to fewer operational interruptions this year compared to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Operating expenses of $29.0 million were $3.2 million above budget. Salary expenses and benefits are $1.86 million above budget due to an increased headcount for the start-up of the Material Recovery Facility and the pension expense recognizing the differences between actuarial assumptions and projected and actual plan investment earnings. Recycling costs were $757,000 above budget due to credits given to the District's contract waste customer and increased wood waste processing costs. Gas project maintenance was $70,000 above budget due to higher maintenance costs on the power generating engines. Professional services costs were $604,000 above budget due in part to costs incurred to monitor landfill gas. Revised maintenance plans being submitted as part of the 5-year permit review process. The plans have not been approved and the higher of the previous approved or submitted costs were used to calculate the closure/post closure costs (see Note 6). The contractual services were above budget due to the cost of more temporary workers in the MRF. Recycling services were above budget due to higher wood waste processing costs and higher costs related to processing MRF material. Other categories over budget were fuel – $100,000; taxes, licenses and permits – $394,000; closure/post closure – $128,000; operating supplies – $485,000; office – $12,000; education, meetings and travel – $45,000; contractual services $175,000; public awareness – $16,000; utilities – $5,000; insurance – $5,000; and miscellaneous – $27,000.

There were several items under budget: depreciation and amortization – $1,385,000; maintenance of structures and equipment – $455,000; hazardous waste program – $85,000; environmental services – $182,000; safety equipment and supplies – $2,000; directors' fees – $14,000; and bad debt expense – $1,000.

Capital Assets and Debt Administration

<u>Capital Assets</u>

The District's capital assets, net of accumulated depreciation, at June 30, 2019, totaled $72.0 million. (See Table A-3). The increase of $3.5 million from the prior year is expenditures for the material recovery facility improvement project.

Table A–3
Capital Assets
(net of depreciation, in thousands of dollars)

	2019	2018	2017	Change 2019-18	Change 2018-17
Land	$ 578	$ 578	$ 578	0.0%	0.0%
Facilities and Infrastructure	21,230	22,143	23,279	-4.1%	-4.9%
Equipment	30,575	28,235	3,098	8.3%	811.4%
Power Project	6,982	6,093	6,710	14.6%	-9.2%
Module Development	8,392	6,746	6,843	24.4%	-1.4%
Intangible Assets	105	122	138	-13.9%	-11.6%
Construction in Progress	4,128	4,615	20,339	-10.6%	-77.3%
	$ 71,990	$ 68,532	$ 60,985	5.0%	12.4%

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fiscal year 2018-19 major capital asset additions include:

- $946,400 for module development construction in progress.
- $1,201 for a landfill compactor.

Fiscal year 2017-18 major capital asset additions include:

- $18,245,000 for Materials Recovery Facility Improvement Project construction in progress.
- $510,000 for landfill gas engine/generator replacement construction in progress.

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. Through the bond trustee, the District continues to make its regularly scheduled payments on the 2015 Series A and B Integrated Waste Management Revenue Bonds. During 2019, principal payments of $1,155,000 were made, leaving a balance of $26,905,000. The District was in compliance with the bond covenants at June 30, 2019 and 2018.

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

On November 7, 2018, through the bond underwriter, the District issued $22,970,000 in 2018 Series A and Series B Integrated Waste Management Revenue Bonds to fund the design, acquisition and construction of improvements to the Monterey Peninsula Landfill and paying costs of issuance related to the sale and delivery of the Series 2018 Bonds. Through the bond trustee, the District continues to make its regularly scheduled payments on the 2018 Series A and B Integrated Waste Management Revenue Bonds. During 2019, principal payments of $265,000 were made, leaving a balance of $22,705,000. The District was in compliance with the bond covenants at June 30, 2019.

Bond Rating – In November 2018, Standard and Poor's assigned the Series 2018 Bonds the rating of AA- and view the outlook as stable.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Economic Factors and Next Year's Budget and Rates

Operating revenues are projected to increase in due to higher sales of MRF material and higher revenue from the sale of power generated from the landfill gas-to-power operations. There are no rate increases scheduled in the budget for next year however there will be a new processing fee and residual fee charged for material processed in the MRF effective July 1, 2019. The Materials Recovery Facility Improvement Project will produce incremental revenues from enhanced recovery equipment that improves the current resource recovery operations of the District. This project is to increase revenues from the sale of materials recovered from the curbside recyclable program and refuse collections from the local franchise haulers and California recycling claims. 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 to 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 Peter Skinner, Director of Finance and Administration, at (831) 384–5313.

BASIC FINANCIAL STATEMENTS

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS AND DEFERRED OUTFLOWS		
Current assets		
Cash and investments (Note 3)	$ 34,208,631	$ 6,327,312
Accounts receivable, net	2,444,895	2,012,967
Power sales receivable	532,538	873,005
Accrued interest receivable	57,000	45,000
Other receivables	563,024	564,094
Prepaid expenses	574,089	1,188,528
Total current assets	38,380,177	11,010,906
Non-current assets		
Restricted cash and investments (Note 3)	4,849,925	4,849,926
Deposits	155,000	155,000
Capital assets, net (Note 4)	71,989,806	68,531,986
Total noncurrent assets	76,994,731	73,536,912
Total assets	115,374,908	84,547,818
Deferred outflows of resources		
Pension related amounts (Note 6)	3,574,849	3,636,428
OPEB related amounts (Note 7)	60,266	-
Total deferred outflows of resources	3,635,115	3,636,428
Total assets and deferred outflows of resources	$ 119,010,023	$ 88,184,246

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

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF NET POSITION (Continued)
JUNE 30, 2019 AND 2018

LIABILITIES, DEFERRED INFLOWS AND NET POSITION	2019	2018
Current liabilities		
Accounts payable	$ 3,173,632	$ 2,322,893
Security deposits	52,801	52,944
Compensated absences	318,761	318,761
State/County waste management fees	327,710	309,615
Payroll and payroll liabilities	100,865	120,751
Revenue bonds and equipment lease interest payable	510,758	302,688
Current portion of revenue bonds payable (Note 8)	2,091,743	1,155,000
Current portion of installment sale obligation (Note 9)	458,783	224,253
Total current liabilities	7,035,053	4,806,905
Non-current liabilities		
Compensated absences	899,444	878,599
Long-term portion of installment sale obligation (Note 9)	1,431,813	706,963
Net pension liability (Note 6)	11,977,493	11,596,359
Total OPEB liability (Note 7)	2,532,472	2,277,639
Revenue bonds payable, net (Note 8)	51,410,571	28,389,626
Landfill closure and post closure care (Note 5)	5,702,368	5,336,000
Total noncurrent liabilities	73,954,161	49,185,186
Total liabilities	80,989,214	53,992,091
Deferred inflows of resources		
Pension related amounts (Note 6)	311,841	227,001
Total liabilities and deferred inflows of resources	81,301,055	54,219,092
Net position		
Net investment in capital assets	41,809,486	38,056,144
Restricted for		
Debt service	2,349,925	2,349,926
Landfill closure	1,500,000	1,500,000
Environmental impairment	1,000,000	1,000,000
Unrestricted (deficit)	(8,950,443)	(8,940,916)
Total net position	$ 37,708,968	$ 33,965,154

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 YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Operating revenues		
Disposal fees	$ 28,746,709	$ 25,458,692
Power sales	1,334,418	1,038,257
Recycled material sales	5,763,355	1,033,762
Last chance mercantile sales	797,392	790,047
Scale and operational services	741,603	738,720
Sand sales	182,605	217,996
Landscape product sales	180,211	168,126
Total operating revenues	37,746,293	29,445,600
Operating expenses		
Salaries	10,421,233	9,174,475
Employee benefits	5,418,921	5,882,706
Depreciation and amortization	3,971,650	2,864,900
Recycling	2,723,001	1,892,227
Taxes, licenses and permits	1,313,979	1,538,701
Maintenance of structures and equipment	1,992,516	1,454,702
Professional services	1,136,973	1,300,824
Fuel	1,270,939	1,075,913
Contractual services	1,061,802	875,028
Gas project maintenance	741,206	707,617
Operating supplies	1,008,361	635,224
Landfill closure and post closure care costs	366,368	388,000
Insurance	106,203	254,622
Public awareness	237,260	166,203
Office	495,036	161,967
Safety equipment and supplies	287,368	158,190
Education, meetings and travel	155,607	154,657
Hazardous waste program	403,353	150,490
Environmental services	276,948	87,694
Utilities	83,671	80,397
Miscellaneous	42,600	39,942
Directors' fees	-	15
Bad debt expense	280	(1,240)
Total operating expenses	33,515,275	29,043,254
Operating income	$ 4,231,018	$ 402,346

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 (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Operating income	4,231,018	402,346
Non–operating revenues (expenses):		
Interest income	$ 380,917	$ 188,414
Rents and leases	346,015	314,590
Gain (loss) on sale of capital assets – net	27,590	25,000
Interest expense – revenue bonds and installment sales	(833,821)	(489,815)
Cost of revenue bonds issuance	(411,141)	-
Other income (expense)	3,236	17,048
Total non-operating revenues (expenses)	(487,204)	55,237
Change in net position	3,743,814	457,583
Net position, beginning of year	33,965,154	33,507,571
Net position, end of year	$ 37,708,968	$ 33,965,154

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

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Cash received from customers	$ 37,655,902	$ 28,998,273
Cash payments to employees for services	(15,117,075)	(13,184,664)
Cash payments to suppliers of goods or services	(11,853,973)	(10,932,616)
Net cash provided by operating activities	10,684,854	4,880,993
Cash flows from noncapital financing		
Other non-operating revenues	349,251	331,636
Net cash provided by noncapital financing activities	349,251	331,636
Cash flows from capital and related financing activities		
Payments for capital acquisitions	(6,251,658)	(10,412,201)
Principal payments for capital leases	(224,253)	(218,784)
Proceeds from disposition of capital assets	33,411	25,000
Principal paid on revenue bonds	(1,521,688)	(1,192,763)
Proceeds from revenue bonds	25,479,376	-
Bond issuance costs paid	(411,141)	-
Interest paid on revenue bonds and capital leases	(625,751)	(502,266)
Net cash provided by (used in) capital and related financing activities	16,478,296	(12,301,014)
Cash flows from investing activities		
Investment income	368,917	177,604
Payments to acquire investment instruments	(20,177,000)	-
Net cash (used for) provided by capital and related financing activities	(19,808,083)	177,604
Net change in cash and cash equivalents	7,704,318	(6,910,781)
Cash and cash equivalents, beginning of year	11,177,238	18,088,019
Cash and cash equivalents, end of year	$ 18,881,556	$ 11,177,238

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

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF CASH FLOWS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 4,231,018	$ 402,346
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,971,650	2,864,900
Landfill closure and post closure care	366,368	388,000
Changes in assets, liabilities, deferred inflows and outflows		
Accounts payable	850,739	195,714
Accounts receivable	(431,928)	(292,045)
Accrued compensated absences	20,845	125,668
Accrued payroll and payroll liabilities	(19,886)	9,300
Accrued State/County waste management fees	18,095	35,353
Deferred outflows - OPEB	(60,266)	-
Deferred outflows - pension	61,579	(214,743)
Net pension liability	465,974	1,765,218
Other receivables	1,070	155,685
Power sales receivable	340,467	(310,967)
Prepaid expenses	614,439	(430,562)
Security deposits	(143)	52
Total other postemployment benefits liability	254,833	187,074
Total reconciling adjustments	6,453,836	4,478,647
Net cash provided by operating activities	$ 10,684,854	$ 4,880,993
Reconciliation of cash and cash equivalents to the statement of net position		
Demand deposits with financial institutions	$ 8,637,569	$ 3,012,859
Investments treated like demand deposits	10,243,987	8,164,379
Total cash and cash equivalents, end of year	18,881,556	11,177,238
Investments	20,177,000	-
Total deposits and investments on the statement of net position	$ 39,058,556	$ 11,177,238
Deposits and investments - classified as unrestricted	$ 34,208,631	$ 6,327,312
Deposits and investments - classified as restricted	4,849,925	4,949,925
Total deposits and investments	$ 39,058,556	$ 11,277,237

Noncash investing, capital, and financing activities:
Capital lease obligations of $1,183,633 were incurred when the District entered into a lease for new recycling equipment.

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

NOTE 1. DESCRIPTION OF ENTITY

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

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

The Monterey Regional Waste Management Authority (component unit of the District) was formed pursuant to the provisions of the Government Code of the State of California and a Joint 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 ended June 30, 1996, the Pebble Beach Community Services District also became a member of the Authority. The Authority was formed to assist in the financing and public capital improvements, such as the design, acquisition and construction of additions, betterments and improvements to the District's facilities.

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 Bank of New York Mellon Trust Company (Trustee) is described in the Integrated Waste Management Improvement Agreement and the Trust Agreement by and between the Authority, the District and the Trustee.

The accompanying financial statements present the activities of the District and its component unit, the Authority, a legally separate organization for which the District is financially accountable. The governing board of the District serves as the governing board of the Authority. The Authority exists solely to finance the acquisition and construction of equipment and facilities for the County. The Authority is so intertwined with the District that it is, in substance, the same as the District and, therefore, is reported as a blended component unit of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting – Enterprise funds are financed in whole or in part by fees charged to external parties, and are accounted for in an enterprise fund. Enterprise funds maintain their records using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows.

The statement of net position and the statement of revenues, expenses, and changes in net position displays information about the primary government (District) and its component unit (Authority). Eliminations have been made to minimize the double-counting of activities between the entities.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values.

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

Net Investment in Capital Assets – This component of net position, includes capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, 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 position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position 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, that restrict the use of net position.

Unrestricted – This component of net position consists of assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Cash and Cash Deposits – The District’s cash and cash deposits are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Accounts Receivable – Accounts receivable are composed of amounts due from customers for tipping fees. At June 30, 2019 and 2018, the balances are shown net of the allowance for uncollectible accounts of $10,892 and $10,892, respectively. The District used the allowance method to account for uncollectible accounts receivable. The allowance is based on prior experience and management's analysis of bad debts.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 expense when it is paid and it is not required to be paid upon termination of an employee.

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

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

Year Ended June 30, 2019	
Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

Year Ended June 30, 2018	
Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense and additions to/deductions from the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Deferred Outflows and Inflows of Resources – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent 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.

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 user charges for disposal fees. 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.

Spending Order Policy – When an expense is incurred for which there are both restricted and unrestricted net position is available, it is the District's policy to apply these expenses to restricted net position to the extent that such are available and then to unrestricted net position.

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 at the date of the financial statements. Actual results could differ from those estimates.

New Accounting Principles from the Governmental Accounting Standards Board (GASB)

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or FY 2018/2019. Implementation of this statement did not have a material impact on the District's financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 88 – GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve note disclosures related to debt. This Statement requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. This Statement is effective for reporting periods beginning after June 15, 2018 or FY 2018/2019. Implementation of this statement did not have a material impact on the District's financial statements.

New Accounting Pronouncements – Effective in Future Fiscal Years

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or FY 2019/2020. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2019, or FY 2020/2021. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are to (a) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2020/2021. The District is evaluating the impact of this Statement on the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 61*. The objective of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 or FY 2019/2020. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The objectives of this Statement are to (a) provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; (b) establishing that a conduit debt obligation is not a liability of the issuer; (c) establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; (d) and improving required note disclosures. The District is evaluating the impact of this Statement on the financial statements.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments are classified in the financial statements as of June 30 as follows:

	2019	2018
Unrestricted	$ 34,208,631	$ 6,327,312
Restricted		
Held by trustee for bond reserve account	2,349,925	2,349,926
For landfill closure and post closure care costs	1,500,000	1,500,000
For environmental impairment fund	1,000,000	1,000,000
Total restricted	4,849,925	4,849,926
Total cash and investments	$ 39,058,556	$ 11,177,238

At June 30, deposits and investments are comprised of the following:

	2019	2018
Deposits with financial institutions	$ 8,637,569	$ 3,012,859
Investments		
U.S. Agency medium term notes	20,177,000	-
Local Agency Investment Fund (LAIF)	10,243,987	8,164,379
Total investments	30,420,987	8,164,379
Total deposits and investments	$ 39,058,556	$ 11,177,238

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Authorized Investments

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 balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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, other than as contained in California Government Code.

The District is authorized under California Government Code to make direct investments in the following:

Investment Type	Maximum Remaining Maturity	Maximum Specified % Of Portfolio	Minimum Quality Requirements	Government Code Sections
Local Agency Bonds	5 Years	None	None	53601(a)
U.S. Treasury Obligations	5 Years	None	None	53601(b)
State Obligations: CA and Others	5 Years	None	None	53601(d)
CA Local Agency Obligations	5 Years	None	None	53601(e)
U.S. Agency Obligations	5 Years	None	None	53601(f)
Bankers' Acceptances	180 days	40%	None	53601(g)
Commercial Paper: Non-pooled Funds	270 days or less	25% of the agency's money	(1)	53601(h)(2)(C)
Commercial Paper: Pooled Funds	270 days or less	40% of the agency's money	(1)	53635(a)(1)
Negotiable Certificates of Deposit	5 Years	30%	None	53601(i)
Non-negotiable Certificates of Deposit	5 Years	None	None	53630 et seq.
Placement Service Deposits	5 Years	30%	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 Years	30%	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days [L]	20% of the base value of the portfolio	None	53601(j)
Medium-term Notes	5 years or less	30%	(2)	53601(k)
Mutual Funds and Money Market Mutual Funds	N/A	20%	Multiple	53601(l) and 53601.6(b)
Collateralized Bank Deposits	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass–through and Asset Backed Securities	5 years or less	20%	(2)	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund	N/A	None	None	16340
Supranational Obligations	5 years or less	30%	(2)	53601(q)

(1) Highest letter and number rating by a NRSRO

(2) "A" rating category or its equivalent or better

NOTE 3. DEPOSITS AND CASH INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

As of June 30, 2019 and June 30, 2018, the District's bank balance of $7,038,203 and $2,254,239, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District. As of June 30, 2019, $20,177,000 of the District’s investment portfolio was exposed to custodial credit risk by not being insured or collateralized.

Credit Risk

Generally, credit risk 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. The following is a summary of the credit quality of the District’s investment portfolio at June 30:

Investment on June 30, 2019	Rating	2019	2018
Federal Home Loan Mortgage Corporation	Aaa	$ 5,177,000	$ -
Federal National Mortgage Association	Aaa	5,000,000	-
Federal Home Loan Bank	Aaa	5,000,000	-
Federal Home Loan Mortgage Corporation	Aaa	5,000,000	-
Local Agency Investment Fund (LAIF)	Not Rated	10,243,987	8,164,379
Total investments		$ 30,420,987	$ 8,164,379

NOTE 3. DEPOSITS AND CASH INVESTMENTS (Continued)

Concentration of Credit Risk

Investments in any one issuer that represent five percent or more of the total investment portfolio as of June 30, are as follows:

Investment on June 30, 2019	Value	% of Portfolio
Federal Home Loan Mortgage Corporation	$ 5,177,000	17%
Federal National Mortgage Association	5,000,000	16%
Federal Home Loan Bank	5,000,000	16%
Federal Home Loan Mortgage Corporation	5,000,000	16%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided in the following table that shows the distribution of the investment portfolio by maturity.

		Maturity	
Investment on June 30, 2019	**Value**	**Less than 1 year**	**1-5 years**
Federal Home Loan Mortgage Corporation	$ 5,177,000	$ -	$ 5,177,000
Federal National Mortgage Association	5,000,000	5,000,000	-
Federal Home Loan Bank	5,000,000	5,000,000	-
Federal Home Loan Mortgage Corporation	5,000,000	-	5,000,000
Local Agency Investment Fund (LAIF)	10,243,987	10,243,987	-
	30,420,987	$ 20,243,987	$ 10,177,000

		Maturity	
Investment on June 30, 2018	**Value**	**Less than 1 year**	**1-5 years**
Local Agency Investment Fund (LAIF)	$ 8,164,379	$ 8,164,379	$ -

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

> Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

NOTE 3. DEPOSITS AND CASH INVESTMENTS (Continued)

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data.

The District's fair value measurements are as follows at June 30, 2019:

	Fair Value Measurement Using			
Investment on June 30, 2019	**Level I**	**Level II**	**Level II**	**Uncategorized**
Federal Home Loan Mortgage Corporation	$ 5,177,000	$ -	$ -	$ -
Federal National Mortgage Association	5,000,000	-	-	-
Federal Home Loan Bank	5,000,000	-	-	-
Federal Home Loan Mortgage Corporation	5,000,000	-	-	-
Local Agency Investment Fund (LAIF)	-	-	-	10,243,987
Total	$ 20,177,000	$ -	$ -	$ 10,243,987

	Fair Value Measurement Using			
Investment on June 30, 2018	**Level I**	**Level II**	**Level II**	**Uncategorized**
Local Agency Investment Fund (LAIF)	-	-	-	8,164,379
Total	$ -	$ -	$ -	$ 8,164,379

The fair value of the District's investment in Local Agency Investment Fund 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).

Deposits and withdrawals in the State Local Agency Investment Fund are made on the basis of $1 and not fair value. Accordingly, the District's proportionate share of investments in those funds at June 30, 2019 and June 30, 2018 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Capital Assets at June 30, 2018	Additions and Transfers	Dispositions and Transfers	Capital Assets at June 30, 2019
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land and improvements	$ 578,210	$ -	$ -	$ 578,210
Construction in progress	4,615,240	5,339,765	(4,084,048)	5,870,957
Total capital assets not being depreciated	5,193,450	5,339,765	(4,084,048)	6,449,167
Other capital assets				
Administrative and scale:				
Equipment	713,241	93,088	-	806,329
Facilities	17,010,137	-	-	17,010,137
Disposal and recycling:				
Equipment	42,086,203	4,140,514	(124,726)	46,101,991
Facilities	17,480,328	152,662	-	17,632,990
Power project	15,189,090	1,793,310	-	16,982,400
Module development	10,879,348	-	-	10,879,348
Intangible site master plan	738,557	-	-	738,557
Total other capital assets at historical cost	104,096,904	6,179,574	(124,726)	110,151,752
Less accumulated depreciation for				
Administrative and scale	(2,467,395)	(604,500)	-	(3,071,895)
Disposal and recycling	(37,673,937)	(3,351,125)	118,905	(40,906,157)
Intangible site master plan	(617,036)	(16,025)	-	(633,061)
Total accumulated depreciation	(40,758,368)	(3,971,650)	118,905	(44,611,113)
Other capital assets, net	63,338,536	2,207,924	(5,821)	65,540,639
Business-type activities capital assets, net	$ 68,531,986	$ 7,547,689	$ (4,089,869)	$ 71,989,806

NOTE 4. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2018 was as follows:

	Capital Assets at June 30, 2017	Additions and Transfers	Dispositions and Transfers	Capital Assets at June 30, 2018
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land and improvements	$ 578,210	$ -	$ -	$ 578,210
Construction in progress	20,339,073	8,978,141	(24,701,974)	4,615,240
Total capital assets not being depreciated	20,917,283	8,978,141	(24,701,974)	5,193,450
Other capital assets				
Administrative and scale:				
Equipment	$ 713,241	$ -	$ -	$ 713,241
Facilities	17,010,137	-	-	17,010,137
Disposal and recycling:				
Equipment	16,122,657	26,123,030	(159,484)	42,086,203
Facilities	17,480,328	-	-	17,480,328
Power project	15,176,086	13,004	-	15,189,090
Module development	10,879,348	-	-	10,879,348
Intangible site master plan	738,557	-	-	738,557
Total other capital assets at historical cost	78,120,354	26,136,034	(159,484)	104,096,904
Less accumulated depreciation for				
Administrative and scale	(1,859,303)	(608,092)	-	(2,467,395)
Disposal and recycling	(35,592,638)	(2,240,783)	159,484	(37,673,937)
Intangible site master plan	(601,011)	(16,025)	-	(617,036)
Total accumulated depreciation	(38,052,952)	(2,864,900)	159,484	(40,758,368)
Other capital assets, net	40,067,402	23,271,134	-	63,338,536
Business-type activities capital assets, net	$ 60,984,685	$ 32,249,275	$ (24,701,974)	$ 68,531,986

NOTE 5. 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. In December 2016, revised Closure and Post Closure Maintenance Plans were submitted as part of the 5-Year Permit Review. These plans have not received official approval.

NOTE 5. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS (Continued)

The liability recognized for the estimated landfill closure and post closure care cost used the greater cost estimates and are $5,702,000 and $5,336,000 as of June 30, 2019 and 2018, respectively which was based on 21.1 percent and 20.1 percent usage (filled) of the landfill at that date. It is estimated that an additional $21,387,000 will be recognized as landfill closure and post closure care expenses between June 30, 2019, 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 $26,332,539 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, 2019.

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, 2019 and 2018, investments of $1,500,000 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 6. NET PENSION LIABILITIES

Plan Description

The District participates in 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, 2018, 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.

All permanent District employees are eligible to participate in the Public Employees' Retirement (Fund) of California's Public Employees' Retirement System (CalPERS). The Fund is an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for various local and state government agencies with the State of California. The Fund provides retirement, disability, and death benefits based on employees' age, years of service, and the highest year's compensation. Employees vest after five years of service and may receive retirement benefits commencing at age 50. These benefit provisions and all other requirements are established be state statute. CalPERS' annual financial report can be found on their website: www.calpers.ca.gov.

NOTE 6. NET PENSION LIABILITIES (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on yeas of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non–duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefits, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are as specified by the California Public Employees' Retirement law.

The Plans' provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after to January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefits payments	monthly for life	monthly for life
Retirement age	50 – 63	52 – 67
Monthly benefits, as a percent of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	8.475%	6.250%

Employees Covered

At June 30, 2017 and June 30, 2016 valuation dates, the following employees were covered by the benefit terms for each Plan:

Valuation as of June 30 –	2017	2016
Inactive employees or beneficiaries currently receiving benefits	47	49
Inactive employees entitled to but not receiving benefits	57	62
Active employees	113	107
Total	**217**	**218**

NOTE 6. NET PENSION LIABILITIES (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees

For the years ended June 30, 2019 and 2018, the District paid the employer's share and the employee' paid the employees' share of the contributions. The contributions were as follows:

	2019	2018
Employer normal contributions	$ 750,920	$ 655,368
Annual UAL prepayment	580,600	450,964
Total employer contributions	1,331,520	1,106,332
Employee contributions	594,153	536,153

Net Pension Liability

The District's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability as of June 30, 2019, for the Plan is measured as of June 30, 2018, using an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

Actuarial Assumptions

The total pension liabilities in the June 30, 2017, actuarial valuation rolled forward to June 30, 2018, using standard update procedures, were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by entry age and service
Mortality	Derived using CalPERS membership data for all funds

NOTE 6. NET PENSION LIABILITIES (Continued)

The total pension liabilities in the June 30, 2016, actuarial valuation rolled forward to June 30, 2017, using standard update procedures, were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by entry age and service
Mortality	Based on CalPERS Experience Study using Scale AA

The mortality table used for Miscellaneous Plan was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website. All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained in CalPERS' website under Forms and Publications.

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

For the years ended June 30, 2019 and 2018, the District recognized pension expense of $2,310,427 and $2,205,843 respectively. At June 30, 2019 and 2018, the District reported deferred outflows of sources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	$ 1,331,520	$ -	$ 655,368	$ -
Difference between actual and expected experience	932,050	-	873,043	-
Changes in assumptions	1,297,777	(311,841)	1,796,922	(227,001)
Net differences between projected and actual earnings on plan investments	13,502	-	311,095	-
Total	$ 3,574,849	$ (311,841)	$ 3,636,428	$ (227,001)

NOTE 6. NET PENSION LIABILITIES (Continued)

$1,331,520 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:		Deferred Outflows/(Inflows) of Resources
2020	$	1,085,436
2021		797,221
2022		85,348
2023		(36,517)
	$	1,931,488

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent 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.

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 (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contribution 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+ 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 each 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.

NOTE 6. NET PENSION LIABILITIES (Continued)

The following table 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. The target allocation shown was adopted by the Board effective on July 1, 2016.

Asset Class[1]	New Strategic Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	2019	2018
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 17,932,983	$ 17,268,161
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 11,977,493	$ 11,596,359
1% Increase	8.15%	8.15%
Net Pension Liability	$ 7,055,847	$ 6,923,355

NOTE 6. NET PENSION LIABILITIES (Continued)

Changes in the Net Pension Liability

The changes in the net pension liability for the plan during the year ended June 30, 2019 are as follows:

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: June 30, 2017 measurement date	$ 39,609,799	$ 28,013,440	$ 11,596,359
Changes Recognized for the Measurement Period:			
Service Cost	1,203,629	-	1,203,629
Interest on the Total Pension Liability	2,840,989	-	2,840,989
Differences between Expected and Actual Experience	496,410	-	496,410
Changes of Assumptions	(250,536)	-	(250,536)
Net Plan to Plan Resource Movement	-	(71)	71
Contributions from the Employer	-	1,106,722	(1,106,722)
Contributions from Employees	-	538,059	(538,059)
Net Investment Income	-	2,391,198	(2,391,198)
Benefit Payments, Including Refunds of Employee Contributions	(1,446,773)	(1,446,773)	-
Administrative Expense	-	(43,653)	43,653
Other Miscellaneous Income/(Expense)[1]	-	(82,897)	82,897
Net Changes	2,843,719	2,462,585	381,134
Balance at: June 30, 2018 measurement date	$ 42,453,518	$ 30,476,025	$ 11,977,493

[1] During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to post-employment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

NOTE 6. NET PENSION LIABILITIES (Continued)

The changes in the net pension liability for the plan during the year ended June 30, 2018 follows:

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: June 30, 2016 measurement date	$ 34,701,972	$ 24,984,332	$ 9,717,640
Changes Recognized for the Measurement Period:			
Service Cost	1,095,795	-	1,095,795
Interest on the Total Pension Liability	2,649,437	-	2,649,437
Differences between Expected and Actual Experience	151,713	-	151,713
Changes of Assumptions	2,296,067	-	2,296,067
Contributions from the Employer	-	1,029,394	(1,029,394)
Contributions from Employees	-	492,056	(492,056)
Net Investment Income	-	2,829,731	(2,829,731)
Benefit Payments, Including Refunds of Employee Contributions	(1,285,185)	(1,285,185)	-
Administrative Expense	-	(36,888)	36,888
Net Changes	4,907,827	3,029,108	1,878,719
Balance at: June 30, 2017 measurement date	$ 39,609,799	$ 28,013,440	$ 11,596,359

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

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

As of June 30, 2019, the District reported the following amounts for total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense:

Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
$ 2,532,472	$ 60,266	$ -	$ 250,933

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

General Information about the OPEB Plan

Plan Description and Benefits Provided

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. Plan terms may be amended by the District and its bargaining units. 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 percent each calendar year. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms

As of the June 30, 2018 measurement date, the following employees were covered by the benefit terms:

Participating Active Employees	112
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Inactive Employees Currently Receiving Benefit Payments	5
Total	117

Total OPEB Liability

The District's total OPEB liability of $2,532,472 was measured as of June 30, 2018 and rolled forward to June 30, 2019 using standard update procedures.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	3.50	percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00	percent per year

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The discount rate used for an unfunded plan is based on an index of 20 year general obligation municipal bonds.

The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2018	$ 2,277,639
Changes for the year:	
Service cost	164,304
Interest on the TPL	81,606
Assumption changes	65,289
Benefit payments	(56,366)
Net changes	254,833
Balance at June 30, 2019	$ 2,532,472

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (2.5%)	$ 2,754,661
Current discount rate (3.5%)	2,532,472
1% increase (4.5%)	2,341,158

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3%)	$ 2,323,031
Current healthcare cost trend rate (4%)	2,532,472
1% increase (5%)	2,757,018

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2019 and 2018, the District recognized OPEB expense of $250,933 and $241,273 respectively. At June 30, 2019, the District reported deferred outflows of resources related to OPEB from changes in assumptions of $60,266.

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

Measurement Period Ended June 30:	Amount
2020	$ 5,023
2021	5,023
2022	5,023
2023	5,023
2024	5,023
Thereafter	35,151
	$ 60,266

NOTE 8. REVENUE BONDS

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

The 2018 Series A and B Revenue Bonds (revenue bonds) were sold, executed and delivered in the aggregate principal amount of $22,970,000 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 November 21, 2018, at the rates per annum set forth below, payable semiannually on October 1 and April 1, commencing April 1, 2019, 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 2018 Series A and Series B Revenue Bonds.

NOTE 8. REVENUE BONDS (Continued)

	June 30, 2018	Additions	Reductions	June 30, 2019	Amounts Due within One Year
BUSINESS-TYPE ACTIVITIES					
Revenue Bonds:					
Series 2015A	$ 16,550,000	$ -	$ 675,000	$ 15,875,000	$ 705,000
Series 2015B	11,510,000	-	480,000	11,030,000	500,000
Series 2018A	-	11,555,000	-	11,555,000	-
Series 2018B	-	11,415,000	265,000	11,150,000	745,000
Total Revenue Bonds	28,060,000	22,970,000	1,420,000	49,610,000	1,950,000
Bond premiums	1,484,626	2,509,376	101,688	3,892,314	141,743
	$ 29,544,626	$ 25,479,376	$ 1,521,688	$ 53,502,314	$ 2,091,743

The Trust Agreement provides that the 2015 Series A and Series B and 2018 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.

The debt service requirements of the bonds for the remaining term is as follows:

Fiscal Year	Principal	Interest
2020	$ 1,950,000	$ 2,249,931
2021	2,030,000	2,164,481
2022	2,130,000	2,068,181
2023	2,230,000	1,967,081
2024	2,340,000	1,861,181
2025-29	13,400,000	7,587,619
2030-34	16,645,000	4,362,813
2035-38	8,885,000	860,100
	$ 49,610,000	$ 23,121,387

NOTE 9. INSTALLMENT SALE ARGEEMENT OBLIGATIONS

In March 2017, the District entered into an installment sale agreement (capital lease) for the purchase of disposal and recycling equipment. The installment sale agreement expires in 2022. In August 2018, the District entered into an installment sale agreement (capital lease) for the purchase of disposal and recycling equipment. The installment sale agreement expires in 2023. The assets and liabilities under these agreements are recorded at the present value of the installment payments. The assets are depreciated over its estimated productive lives as title transfers at the end of the agreements. Depreciation of assets under the installment agreements are included in depreciation expense.

Following is a summary of property held under capital leases at June 30, 2019:

	Beginning Balance	Additions	Payments	Ending Balance
Disposal/recycling equipment	$ 931,216	$ 1,183,633	$ (224,253)	$ 1,890,596
Accumulated depreciation	(194,826)	(293,372)	-	(488,198)
	$ 1,101,293	$ 890,261	$ (224,253)	$ 1,402,398

Minimum future payments under agreement as of June 30, 2019 for each of the next four years are:

Fiscal Year	Amount
2020	$ 508,203
2021	508,203
2022	508,203
2023	260,670
2024	260,670
Total minimum payments	2,045,949
Less amount representing interest	(155,353)
Present value of future minimum payment	$ 1,890,596

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.

NOTE 10. JOINT POWERS AGREEMENT (Continued)

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. For the year ended June 30, 2019, the District made payments of $424,670 to SDRMA for insurance premiums.

NOTE 11. CONCENTRATION IN SALES TO CUSTOMERS

In 2019, the District's two largest customers accounted for approximately 37 percent and 12 percent of sales. In 2018, the largest customers accounted for 46 percent and 14 percent of sales.

NOTE 12. CONTINGENCIES

The District is involved in various litigation arising from the normal course of business. In the opinion of management, the disposition of all litigation pending is not expected to have a material effect on the overall financial position of the District at June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

SCHEDULE OF CHANGES IN PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2019 AND

	2019	2018	2017	2016	2015
Measurement Period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount Rate	7.15%	7.15%	7.65%	7.65%	7.50%
Total Pension Liability					
Service Cost	$ 1,203,629	$ 1,095,795	$ 961,817	$ 911,692	$ 911,220
Interest	2,840,989	2,649,437	2,472,105	2,229,562	2,042,432
Changes of Benefit Terms		-	-	-	-
Difference Between Expected and Actual Experience	496,410	151,713	1,022,612	417,131	-
Changes of Assumptions	(250,536)	2,296,067	-	(567,504)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,446,773)	(1,285,185)	(1,132,272)	(904,586)	(878,085)
Net Change in Total Pension Liability	2,843,719	4,907,827	3,324,262	2,086,295	2,075,567
Total Pension Liability – Beginning	39,609,799	34,701,972	31,377,710	29,291,415	27,215,848
Total Pension Liability – Ending (a)	42,453,518	39,609,799	34,701,972	31,377,710	29,291,415
Plan Fiduciary Net Position:					
Contributions – Employer	$ 1,106,722	$ 1,029,394	$ 882,891	$ 800,476	$ 722,039
Contributions – Employee	538,059	492,056	454,237	458,764	411,403
Net Investment Income	2,391,198	2,829,731	154,052	557,377	3,522,944
Benefit Payments, Including Refunds of Employee Contributions	(1,446,773)	(1,285,185)	(1,132,272)	(904,586)	(878,085)
Plan to Plan Resource Movement	(71)	-	-	181	-
Administrative Expense	(43,653)	(36,888)	(15,017)	(34,233)	-
Other Miscellaneous Income(Expense)[1]	(82,897)	-	-	-	-
Net Change in Fiduciary Net Position	2,462,585	3,029,108	343,891	877,979	3,778,301
Plan Fiduciary Net Position – Beginning[2]	28,013,440	24,984,332	24,640,441	23,762,462	19,984,161
Plan Fiduciary Net Position – Ending (b)	30,476,025	28,013,440	24,984,332	24,640,441	23,762,462
Plan Net Pension Liability – Ending (a) – (b)	$ 11,977,493	$ 11,596,359	$ 9,717,640	$ 6,737,269	$ 5,528,953
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.79%	70.72%	72.00%	78.53%	81.12%
Covered Payroll	$ 9,707,403	$ 9,234,169	$ 6,527,433	$ 6,066,619	$ 5,829,943
Plan Net Pension Liability as a Percentage of Covered – Payroll	123.39%	125.58%	148.87%	111.05%	94.84%

[1] During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activ ity related to postemployment benefits for participation in the State of C alifornia's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

[2] Includes any beginning of year adjustment.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2019 AND

Fiscal Year	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 1,331,520	$ 1,106,332	$ 1,029,394	$ 882,891	$ 800,476
Contributions in Relation to the Actuarially Determined Contribution	(1,331,520)	(1,106,332)	(1,029,394)	(882,891)	(800,476)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 8,568,241	$ 9,707,403	$ 9,234,169	$ 6,527,433	$ 6,066,619
Contributions as a Percentage of Covered Payroll(2)	15.54%	11.40%	11.15%	13.53%	13.19%

Notes to Schedule:

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

2 Includes one year's pay roll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2018; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-17.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED JUNE 30, 2019 AND

	2019	2018
Total OPEB Liability		
Service cost	$ 164,304	$ 159,907
Interest	81,606	81,366
Changes of assumptions	65,289	-
Benefit payments	(56,366)	(54,198)
Net change in total OPEB liability	254,833	187,075
Total OPEB liability - beginning	2,277,639	2,090,564
Total OPEB liability - ending	$ 2,532,472	$ 2,277,639
Covered-employee payroll	$ 9,962,707	$ 9,174,477
Total OPEB liability as a percentage of covered-employee payroll	25.4%	24.8%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios:

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75 as of June 30, 2019.

Until the full ten-year trend is compiled, information is presented only for those years which information is available.

OTHER SUPPLEMENTARY INFORMATION

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2019

	DISTRICT	AUTHORITY	TOTALS	ELIMINATING ENTRIES	TOTALS
CURRENT ASSETS:					
Cash and cash equivalents	$ 34,208,631	$ -	$ 34,208,631	$ -	$ 34,208,631
Accounts receivable – trade–net	2,444,895	-	2,444,895	-	2,444,895
Power sales receivable	532,538	-	532,538	-	532,538
Accrued interest receivable	57,000	-	57,000	-	57,000
Other receivables	563,024	-	563,024	-	563,024
Prepaid expenses	574,089	-	574,089	-	574,089
Total current assets	38,380,177	-	38,380,177	-	38,380,177
RESTRICTED CASH AND CASH EQUIVALENTS:					
Cash and cash equivalents held by Trustee for reserve account	-	2,349,925	2,349,925	-	2,349,925
Cash and cash equivalents held by LAIF – reserved for landfill closure and post closure care costs	1,500,000	-	1,500,000	-	1,500,000
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	2,500,000	2,349,925	4,849,925	-	4,849,925
DEPOSIT	155,000	-	155,000	-	155,000
DUE FROM DISTRICT	-	(2,016,266)	(2,016,266)	2,016,266	-
CAPITAL ASSETS – NET	74,650,759	-	74,650,759	-	74,650,759
INTANGIBLE ASSETS – NET	(2,660,953)	-	(2,660,953)	-	(2,660,953)
Total Assets	115,685,936	333,659	113,358,642	2,016,266	115,374,908
DEFERRED OUTFLOWS	3,635,115	-	3,635,115	-	3,635,115
TOTAL ASSETS AND DEFERRED OUTFLOWS	$119,321,051	$ 333,659	$116,993,757	$ 2,016,266	$ 119,010,023

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING SCHEDULE OF NET POSITION (Continued)
JUNE 30, 2019

	DISTRICT	AUTHORITY	TOTALS	ELIMINATING ENTRIES	TOTALS
CURRENT LIABILITIES:					
Accounts payable	$ 3,173,632	$ -	$ 3,173,632	$ -	$ 3,173,632
Security deposits	52,801	-	52,801	-	52,801
Accrued liabilities:					
Compensated absences	318,761	-	318,761	-	318,761
State/County waste management fees	327,710	-	327,710	-	327,710
Payroll and payroll liabilities	100,865	-	100,865	-	100,865
Revenue bonds and equipment lease interest	510,758	-	510,758	-	510,758
Current portion of capital lease payable	458,783	-	458,783	-	458,783
Current portion of revenue bonds payable	-	2,091,743	2,091,743	-	2,091,743
Total current liabilities	4,943,310	2,091,743	7,035,053	-	7,035,053
ACCRUED LIABILITES:					
Compensated absences	899,444	-	899,444	-	899,444
Capital lease payable	1,431,813	-	1,431,813	-	1,431,813
Total OPEB liability	2,532,472	-	2,532,472	-	2,532,472
Net pension liability	11,977,493	-	11,977,493	-	11,977,493
Due to Authority	(2,016,266)	-	(2,016,266)	2,016,266	-
Revenue bonds payable - net	53,168,655	(1,758,084)	51,410,571	-	51,410,571
ESTIMATED LIABILITY FOR LANDFILL CLOSURE AND POST CLOSURE CARE COSTS	5,702,368	-	5,702,368	-	5,702,368
Total liabilities	78,639,289	333,659	78,972,948	2,016,266	80,989,214
DEFERRED INFLOWS	311,841	-	311,841	-	311,841
NET POSITION:					
Net investment in capital assets	44,159,411	(2,349,925)	41,809,486	-	41,809,486
Restricted	2,500,000	2,349,925	4,849,925	-	4,849,925
Unrestricted	(8,950,443)	-	(8,950,443)	-	(8,950,443)
Total net position	37,708,968	-	37,708,968	-	37,708,968
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$116,660,098	$ 333,659	$116,993,757	$ 2,016,266	$119,010,023

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	DISTRICT	AUTHORITY	TOTALS	ELIMINATING ENTRIES	TOTALS
OPERATING REVENUES:					
Disposal fees	$ 28,746,709	$ -	$ 28,746,709	$ -	$ 28,746,709
Power sales	1,334,418	-	1,334,418	-	1,334,418
Recycled material sales	5,763,355	-	5,763,355	-	5,763,355
Last chance mercantile sales	797,392	-	797,392	-	797,392
Scale and operational services	741,603	-	741,603	-	741,603
Sand sales	182,605	-	182,605	-	182,605
Landscape product sales	180,211	-	180,211	-	180,211
Total operating revenues	37,746,293	-	37,746,293	-	37,746,293
OPERATING EXPENSES:			-		
Salaries	10,421,233	-	10,421,233	-	10,421,233
Employee benefits	5,418,921	-	5,418,921	-	5,418,921
Depreciation and amortization	3,971,650	-	3,971,650	-	3,971,650
Recycling	2,723,001	-	2,723,001	-	2,723,001
Taxes, licenses and permits	1,313,979	-	1,313,979	-	1,313,979
Maintenance of structures and equipment	1,992,516	-	1,992,516	-	1,992,516
Professional services	1,136,973	-	1,136,973	-	1,136,973
Fuel	1,270,939	-	1,270,939	-	1,270,939
Contractual services	1,061,802	-	1,061,802	-	1,061,802
Gas project maintenance	741,206	-	741,206	-	741,206
Operating supplies	1,008,361	-	1,008,361	-	1,008,361
Landfill closure and post closure ca	366,368	-	366,368	-	366,368
Insurance	106,203	-	106,203	-	106,203
Public awareness	237,260	-	237,260	-	237,260
Office	495,036	-	495,036	-	495,036
Safety equipment and supplies	287,368	-	287,368	-	287,368
Education, meetings and travel	155,607	-	155,607	-	155,607
Hazardous waste program	403,353	-	403,353	-	403,353
Environmental services	276,948	-	276,948	-	276,948
Utilities	83,671	-	83,671	-	83,671
Miscellaneous	42,600	-	42,600	-	42,600
Bad debt expense	280	-	280	-	280
Total operating expenses	33,515,275	-	33,515,275	-	33,515,275
OPERATING INCOME	$ 4,231,018	$ -	$ 4,231,018	$ -	$ 4,231,018

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued) FOR THE YEAR ENDED JUNE 30, 2019

	DISTRICT	AUTHORITY	TOTALS	ELIMINATING ENTRIES	TOTALS
OPERATING INCOME	$ 4,231,018	$ -	$ 4,231,018	$ -	$ 4,231,018
NON–OPERATING REVENUES (EXPENSES):					
Interest income	380,917	-	380,917	-	380,917
Rents and leases	346,015	-	346,015	-	346,015
Gain (loss) on sale of capital assets – net	27,590	-	27,590	-	27,590
Interest expense – revenue bonds and installment sales	(833,821)	-	(833,821)	-	(833,821)
Cost of revenue bonds issuance	(411,141)	-	(411,141)	-	(411,141)
Other income (expense)	3,236	-	3,236	-	3,236
Total non–operating revenues (expenses)	(487,204)	-	(487,204)	-	(487,204)
INCREASE IN NET POSITION	3,743,814	-	3,743,814	-	3,743,814
NET POSITION, BEGINNING OF YEAR	33,965,154	-	33,965,154	-	33,965,154
NET POSITION, END OF YEAR	$ 37,708,968	$ -	$ 37,708,968	$ -	$ 37,708,968

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ACTUAL TO BUDGET (Unaudited)
FOR THE YEAR ENDED JUNE 30, 2019

	ACTUAL	DISTRICT BUDGET	VARIANCE - POSITIVE (NEGATIVE)
OPERATING REVENUES:			
Disposal fees	$ 28,746,709	$ 24,079,000	$ 4,667,709
Power sales	1,334,418	1,874,000	(539,582)
Recycled material sales	5,763,355	6,312,000	(548,645)
Last chance mercantile sales	797,392	1,310,000	(512,608)
Scale and operational services	741,603	624,000	117,603
Sand sales	182,605	150,000	32,605
Landscape product sales	180,211	285,000	(104,789)
Total operating revenues	37,746,293	34,634,000	3,112,293
OPERATING EXPENSES:			
Salaries	10,421,233	9,689,000	(732,233)
Employee benefits	5,418,921	5,243,000	(175,921)
Depreciation and amortization	3,971,650	4,303,000	331,350
Recycling	2,723,001	1,382,000	(1,341,001)
Taxes, licenses and permits	1,313,979	1,340,000	26,021
Maintenance of structures and equipment	1,992,516	1,613,000	(379,516)
Professional services	1,136,973	1,446,000	309,027
Fuel	1,270,939	1,200,000	(70,939)
Contractual services	1,061,802	1,936,000	874,198
Gas project maintenance	741,206	-	(741,206)
Operating supplies	1,008,361	1,492,000	483,639
Landfill closure and post closure care costs	366,368	500,000	133,632
Insurance	106,203	275,000	168,797
Public awareness	237,260	165,000	(72,260)
Office	495,036	229,000	(266,036)
Safety equipment and supplies	287,368	227,000	(60,368)
Education, meetings and travel	155,607	193,000	37,393
Hazardous waste program	403,353	280,000	(123,353)
Environmental services	276,948	250,000	(26,948)
Utilities	83,671	115,000	31,329
Miscellaneous	42,600	24,000	(18,600)
Bad debt expense	280	15,000	14,720
Total operating expenses	33,515,275	31,917,000	(1,598,275)
INCOME FROM OPERATIONS	4,231,018	2,717,000	1,514,018

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ACTUAL TO BUDGET (Unaudited) (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	ACTUAL	DISTRICT BUDGET	VARIANCE
INCOME FROM OPERATIONS	$ 4,231,018	$ 2,717,000	$ 1,514,018
NON–OPERATING REVENUES (EXPENSES)			
Interest income	380,917	95,000	285,917
Rents and leases	346,015	325,000	21,015
Gain (loss) on sale of capital assets – net	27,590	-	27,590
Interest expense – revenue bonds and installment sales	(833,821)	(1,251,000)	417,179
Cost of revenue bonds issuance	(411,141)	-	-
Other income (expense)	3,236	30,000	(26,764)
Total non-operating revenues (expenses)	(487,204)	(801,000)	313,796
INCREASE (DECREASE) IN NET POSITION	$ 3,743,814	$ 1,916,000	$ 1,827,814