



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by Wmm Date 12/14/07
General Manager

DATE: December 14, 2007
TO: General Manager
FROM: Finance Manager
SUBJECT: Fiscal Year 2006-2007 Audit Report

DISCUSSION

The District finished with a weaker than expected financial year. The District's Audit Report has Increase in net assets of \$1,039,783 compared to the midyear review of \$1,073,000 and budget of \$1,278,000.

REVENUES

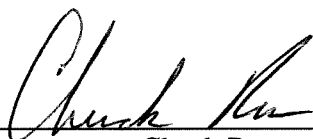
Total operating revenues are \$110,222 below the midyear estimate. Disposal fees decreased by \$539,774 from the midyear estimate due to the 29% reduction in tonnages from Commercial and Industrial customers. Recycled material sales increased by \$336,152 primarily due to the price of scrap metal at historically high levels and an additional sale in June. The 40% increase in price for the electricity generated by the fourth engine was not able to offset the delay in the installation of the new Caterpillar engine/generator and the significant unanticipated downtime for repair of two engines earlier in the year.

EXPENDITURES

Total Operating Expenses are \$85,878 above the midyear estimate. The approval of the Site Master Plan and associated Closure and Postclosure Plan resulted in non-cash increase of \$125,000 in the Landfill Closure and Postclosure Care Costs. The District experienced reductions in Employee Benefits - \$215,944, Fuel - \$50,165 and Public Awareness - \$81,870. These savings were offset by increases in Gas Project Maintenance - \$164,311, Maintenance of Structure and Equipment - \$145,557 and Depreciation and Amortization - \$124,554.

NONOPERATING REVENUES AND (EXPENSES)

Interest income increased by \$142,633 primarily due to increased cash balances, delays in capital expenditures and higher interest rates.



Chuck Rees

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET	MID YEAR	AUDIT	MID YEAR TO AUDIT VARIANCES
OPERATING REVENUES				Inc (Decr)
Disposal fees	\$ 13,660,000	\$ 13,455,000	\$ 12,915,226	\$ (539,774)
Power sales	2,125,000	2,050,000	1,918,161	(131,839)
Recycled material sales	375,000	415,000	751,152	336,152
Last Chance Mercantile sales	460,000	480,000	560,107	80,107
Landscape product sales	285,000	285,000	305,453	20,453
Sand sales	300,000	325,000	361,091	36,091
Scale and operational services	265,000	270,000	358,588	88,588
Total Operating Revenues	17,470,000	17,280,000	17,169,778	(110,222)
OPERATING EXPENSES				
Salaries	6,123,000	6,123,000	6,085,986	(37,014)
Employee benefits	3,507,000	3,507,000	3,291,056	(215,944)
Depreciation and amortization	2,350,000	2,325,000	2,449,554	124,554
Maintenance of structure and equipment	760,000	760,000	905,557	145,557
Landfill closure and postclosure care costs	-	-	125,000	125,000
Taxes, licenses and permits	635,000	625,000	609,447	(15,553)
Fuel	595,000	595,000	544,835	(50,165)
Gas project maintenance	250,000	250,000	414,311	164,311
Recycling	315,000	285,000	284,586	(414)
Professional services	200,000	240,000	266,851	26,851
Insurance	180,000	180,000	161,696	(18,304)
Gas purchase payments	150,000	150,000	142,945	(7,055)
Safety equipment and supplies	140,000	140,000	100,839	(39,161)
Office	155,000	155,000	145,425	(9,575)
Contractual services	100,000	100,000	118,784	18,784
Public awareness	200,000	190,000	108,130	(81,870)
Environmental services	130,000	130,000	87,350	(42,650)
Education, meetings and travel	90,000	90,000	71,460	(18,540)
Operating supplies	90,000	100,000	128,672	28,672
Hazardous waste program	110,000	100,000	87,341	(12,659)
Utilities	62,000	62,000	54,651	(7,349)
Miscellaneous	20,000	20,000	27,241	7,241
Directors' fees	7,000	7,000	7,000	-
Bad debt expense	-	-	1,161	1,161
Total Operating Expenses	16,169,000	16,134,000	16,219,878	85,878
INCOME (LOSS) FROM OPERATIONS	\$ 1,301,000	\$ 1,146,000	\$ 949,900	\$ (196,100)
NONOPERATING REVENUES (EXPENSES)				
Rent and leases	78,000	78,000	71,055	(6,945)
Interest income	315,000	365,000	507,633	142,633
Interest expense - revenue bonds	(451,000)	(451,000)	(439,556)	11,444
Other income	35,000	(65,000)	(49,249)	15,751
Total Nonoperating Revenues (Expenses)	(23,000)	(73,000)	89,883	162,883
CHANGES IN NET ASSETS	\$ 1,278,000	\$ 1,073,000	\$ 1,039,783	\$ (33,217)