

**Metro Waste Authority
Des Moines, Iowa**

FINANCIAL REPORT

June 30, 2025 and 2024

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**Metro Waste Authority
OFFICIALS**

Name	Title	Representing
Rob Sarchet	Chair	Polk City
Susan Skeries	Vice Chair	Windsor Heights
Dean O'Connor	Member	Altoona
Joe Ruddy	Member	Ankeny
Bob Pepper	Member	Bondurant
Ted Weaver	Member	Clive
Joe Gatto	Member	Des Moines
Jill Edler	Member	Elkhart
Ryan Burger	Member	Grimes
Bryan Burkhardt	Member	Johnston
Bill Roberts	Member	Mitchellville
Ed Kuhl	Member	Norwalk
Konnor Hodges	Member	Pleasant Hill
Tom Hockensmith	Member	Polk County
Jeremy Lindquist	Member	Runnells
Patricia Boddy	Member	Urbandale
Doug Loots	Member	West Des Moines
Planning Area Members		
Bob Kramme		Alleman
Drew Merrifield		Carlisle
Kandi Petry		Hartford
Bob Perry		Mingo
Chad Allegger		Prairie City
Don Towers		Sheldahl
Michael McCoy	Chief Executive Officer	
Kirk Irwin	Chief Financial Officer	

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Metro Waste Authority
Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Metro Waste Authority (the Agency) (a joint public body), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metro Waste Authority, as of June 30, 2025 and 2024, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metro Waste Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 11 to the financial statements, the Agency adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Metro Waste Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Metro Waste Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Metro Waste Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Agency's proportionate share of the net pension liability, and the schedule of Agency pension contributions on pages 7 through 10 and 33 through 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2025, on our consideration of Metro Waste Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metro Waste Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro Waste Authority's internal control over financial reporting and compliance.

Denman CPA LLP
Denman CPA LLP

West Des Moines, Iowa
November 16, 2025

**Metro Waste Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Metro Waste Authority (the Agency), we offer readers of the financial statements this narrative overview and analysis of the financial performance for the fiscal years ended June 30, 2025 and 2024. We encourage readers to consider this information along with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The Agency provides safe, smart disposal and recycling options for residents and businesses primarily in the Central Iowa area and beyond. Here are some of the financial highlights from fiscal year 2025, with comparisons to the prior year:

- In FY 2025, total revenues were \$66.9 million, an increase of 8%. Total expenses were \$52.9 million, which was an increase of 2%. Surplus results for the year were \$14.0 million, up from \$10.1 million.
- Total assets as of the end of the year were \$198.9 million, an increase of about \$16.4 million, reflecting 9% growth. Restricted assets increased by \$21.0 million, offset by a reduction in current assets of approximately \$3.9 million.
- Total net position increased to \$143.4 million, an increase of \$14.1 million in the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management discussion and analysis report, the independent auditor's report, and the basic financial statements of the Agency. The financial statements also include detailed notes to support the financial statements. Additional supplemental information is also in schedule form and begins after the notes to the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about the Agency using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term information about its activities. The Statement of Net Position includes all the Agency's assets and liabilities and provides information about types and amounts of investments in resources (assets) and the obligations to the Agency's creditors (liabilities). It also provides the basis for evaluating the Agency's liquidity, financial flexibility, and overall financial health of the Agency.

All of the current year and the prior year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. These statements measure the success of the Agency's operations over the past two years and can be used to determine whether the organization has covered all its costs through its tipping fees and other charges.

The final required financial statements are the Statements of Cash Flows. These statements report cash receipts, cash payments, and net changes in cash resulting from operating, investing, and capital and related financing activities. They also provide answers to such questions as where cash came from, what was cash used for, and what was the change in the cash balance during the reporting periods.

ANALYSIS OF THE AGENCY'S FINANCIAL POSITION

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the net position of the Agency and the changes in them. The Agency's net position (the difference between assets and liabilities) is one way to measure the organization's financial health or financial position. Over time, increases or decreases in the Agency's net position is one indicator of whether its financial health is improving or deteriorating. However, one needs to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government regulations.

**Metro Waste Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS**

NET POSITION

The net position of the organization's balance sheet reflects the difference between the Agency's assets and the amounts owed to third parties. The net position is further defined to reflect the amounts invested in capital assets, amounts restricted for a particular purpose, and amounts which are unrestricted and available for the future needs of the Agency. Summary balance sheet information is set forth below.

Condensed Statements of Net Position

	<u>FY 2025</u>	<u>FY 2024</u>	<u>\$ Change</u>	<u>% Change</u>	<u>FY 2023</u>
Assets and Deferred Outflows of Resources					
Current and other assets	\$ 12,910,686	\$ 16,828,027	\$ (3,917,341)	(23)%	\$ 16,001,538
Restricted assets	102,459,995	81,429,241	21,030,754	26 %	69,903,702
Lease receivables	554,897	786,980	(232,083)	(29)%	1,061,580
Capital assets	<u>82,973,648</u>	<u>83,427,747</u>	<u>(454,099)</u>	<u>(1)%</u>	<u>91,883,625</u>
Total assets	<u>198,899,226</u>	<u>182,471,995</u>	<u>16,427,231</u>	<u>9 %</u>	<u>178,850,445</u>
Deferred outflows of resources	<u>1,601,692</u>	<u>2,094,773</u>	<u>(493,081)</u>	<u>(24)%</u>	<u>1,249,426</u>
Liabilities Deferred Outflows of Resources					
Current liabilities	7,988,325	5,815,764	\$ 2,172,561	37 %	12,282,421
Long-term debt	19,413,202	20,585,159	(1,171,957)	(6)%	21,741,909
Closure and post-closure costs	26,059,546	24,196,274	1,863,272	8 %	22,524,146
Net pension liability	<u>3,252,043</u>	<u>4,042,806</u>	<u>(790,763)</u>	<u>(20)%</u>	<u>3,111,888</u>
Total liabilities	<u>56,713,116</u>	<u>54,640,003</u>	<u>2,073,113</u>	<u>4 %</u>	<u>59,660,364</u>
Deferred inflows of resources	<u>408,155</u>	<u>644,087</u>	<u>(235,932)</u>	<u>(37)%</u>	<u>1,274,858</u>
Net Position					
Net invested in capital assets	60,933,928	61,882,588	(948,660)	(2)%	64,347,513
Restricted for transfer station closure	-	-	-	-	320,000
Unrestricted	<u>82,445,719</u>	<u>67,400,090</u>	<u>15,045,629</u>	<u>22 %</u>	<u>54,497,136</u>
Total net position	<u>\$143,379,647</u>	<u>\$129,282,678</u>	<u>\$14,096,969</u>	<u>11 %</u>	<u>\$119,164,649</u>

The Agency's net position increased \$14.1 million in FY 2025, reflecting the surplus of revenues over expenses. Surplus funds were invested in restricted assets, with the end-of-year balance reflecting an increase of \$21.0 million. Expenses include non-cash depreciation and amortization expenses of \$10.6 million, which added to available funds. Current assets decreased by \$3.9 million in the year, and other changes are shown in the table above.

Restricted assets include cash and investments that have been designated by the Agency's Board of Directors for landfill closure and post-closure costs and for the purchase of capital assets. Federal and State regulations require the Agency to complete a closure/post-closure plan and to provide necessary funding, including the proper monitoring and care of the landfill after closure. For more detailed information, see Note 6 of the financial statements.

These statements highlight the significant infrastructure required for the Agency to deliver essential services to its stakeholders. The relationship between the Agency's net position and its lower debt levels illustrates the conservative approach management has taken relative to the financial structure of the Agency.

**Metro Waste Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS**

REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The current year's surplus of revenues over expenses, which increased the net position of the balance sheet, is summarized below, along with historical information and comparisons.

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position**

	<u>FY 2025</u>	<u>FY 2024</u>	<u>\$ Change</u>	<u>% Change</u>	<u>FY 2023</u>
Revenues					
Operating revenues	\$ 61,986,437	\$ 57,688,042	\$4,298,395	7 %	\$ 56,433,211
Investment income	4,344,721	3,936,912	407,809	10 %	1,478,270
Nonoperating revenues	616,203	99,264	516,939	521 %	557,104
Total revenues	<u>66,947,361</u>	<u>61,724,218</u>	<u>5,223,143</u>	<u>8 %</u>	<u>58,468,585</u>
Expenses					
Operating expenses	41,733,488	38,823,330	\$2,910,158	7 %	35,489,871
Depreciation and amortization	10,610,111	12,234,121	(1,624,010)	(13)%	9,790,728
Nonoperating expenses	506,793	548,738	(41,945)	(8)%	589,866
Total expenses	<u>52,850,392</u>	<u>51,606,189</u>	<u>1,244,203</u>	<u>2 %</u>	<u>45,870,465</u>
Change in net position	14,096,969	10,118,029			12,598,120
Beginning net position	<u>129,282,678</u>	<u>119,164,649</u>			<u>106,566,529</u>
Ending net position	<u>\$143,379,647</u>	<u>\$129,282,678</u>			<u>\$119,164,649</u>

Current year revenues were \$66.9 million, reflecting an increase of \$5.2 million (8%) over the prior year. Of the increase, \$4.3 million is attributable to an increase in regular operating revenues and \$0.4 million reflects an increase in investment income compared to last year along with an increase in nonoperating revenues of \$0.5 million compared to last year, reflecting proceeds from a prior year's insurance claim settled in the current year.

Operating revenues increased across the Agency compared to the prior year, in nearly all activities. The largest increase in terms of dollars and percentage growth occurred at the Metro Recycling Facility, where operating revenues increased by \$1.5 million (31%) compared to the prior year, reflecting improvement in results due to additional volumes processed and other operating improvements.

Total expenses were \$52.9 million, an increase of \$1.2 million (2%) over the prior year. This result reflects operating expenses increasing by \$2.9 million, offset by a decrease in depreciation and amortization expense of \$1.6 million. The fact that revenues grew at a larger rate than expenses in the year led to the growth in net results of \$4.0 million compared to the prior year.

The change in net position as of the end of the year reflects the surplus of revenues over expenses of \$14.1 million in the current year, up from the prior year's surplus of \$10.1 million. Management believes it is necessary for the Agency to operate at a surplus with excess funds invested in order to generate earnings that will allow the Agency to meet its current and future obligations in terms of capital needs for future asset replacement, ongoing landfill cell development, and future obligations related to landfill closure and post-closure costs.

**Metro Waste Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CAPITAL ASSETS

As stated previously, the activity of the Agency requires copious levels of investment in infrastructure and it is critical that the organization generates sufficient resources to meet the long-term capital needs. Investments in capital assets are summarized below, broken out by asset types. Balances as of the end of the current and prior fiscal years and comparisons are set forth below.

Capital Assets					
Asset Type:	<u>FY 2025</u>	<u>FY 2024</u>	<u>\$ Change</u>	<u>% Change</u>	<u>FY 2023</u>
Land & land improvements	\$22,834,132	\$22,834,132	\$ -	- %	\$ 22,834,132
Buildings & building improvements	61,463,285	59,594,594	1,868,691	3 %	59,185,752
Landfill cell development	51,155,705	51,155,705	-	- %	47,172,225
Wetlands treatment facility	4,408,832	4,408,832	-	- %	4,408,832
Equipment	67,643,368	63,299,940	4,343,428	7 %	60,354,224
Work in process	<u>3,773,846</u>	<u>364,924</u>	<u>3,408,922</u>	<u>934 %</u>	<u>3,954,400</u>
Subtotal	<u>211,279,168</u>	<u>201,658,127</u>	<u>9,621,041</u>	<u>5 %</u>	<u>197,909,565</u>
Less: accumulated depreciation	<u>128,305,520</u>	<u>118,230,380</u>	<u>10,075,140</u>	<u>9 %</u>	<u>\$106,025,940</u>
Net capital assets	<u>\$82,973,648</u>	<u>\$83,427,747</u>	<u>\$ (454,099)</u>	<u>(1)%</u>	<u>\$ 91,883,625</u>

The slight decrease in capital assets in FY 2025 reflects a total of \$9.6 million in capital additions across the Agency, while additional accumulated depreciation totaled \$10.1 million during the year. The Agency's operations are capital-intensive and managing present and future capital needs are a primary focus of the Agency's management. For this reason, it is critical that the Agency continues to generate surplus results in a manner that allows it to meet those future needs, as well as ensure it is appropriately funding capital needs.

LONG-TERM DEBT

On June 4, 2020, the Agency entered into a loan agreement with Polk County for \$22.35 million with an interest rate of 2.4747%. Semi-annual interest and principal are due through June 1, 2040. The proceeds from this loan were used to build the Metro Recycling Facility.

On that same date, the Agency also entered into a loan agreement with Polk County for \$8.165 million with an interest rate of 1.2645%. Semi-annual interest and principal were due through June 1, 2024. The proceeds from this loan were used to refinance the building of the Metro Northwest Transfer Station. That loan facility was repaid in full during the previous year.

For more information on the Agency's long-term debt, see Note 5 of the financial statements.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to present users with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the funds generated. If you have questions about the report or need additional financial information, please contact the Finance Department, Metro Waste Authority, 300 East Locust Street, Suite 100, Des Moines, IA 50309-1864.

**Metro Waste Authority
STATEMENTS OF NET POSITION**

	June 30	
	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,902,904	\$ 7,095,138
Accounts receivable, less allowance for uncollectible accounts 2025 and 2024 \$100,000	7,289,489	8,187,902
Insurance recoveries receivable	-	830,989
Prepaid expenses, accrued interest and other assets	378,452	477,308
Inventories	339,841	236,690
Total current assets	<u>12,910,686</u>	<u>16,828,027</u>
ASSETS WHOSE USE IS LIMITED		
Investments	<u>102,459,995</u>	<u>81,429,241</u>
LEASE RECEIVABLES	<u>554,897</u>	<u>786,980</u>
CAPITAL ASSETS	211,279,168	201,658,127
Less accumulated depreciation and amortization	<u>128,305,520</u>	<u>118,230,380</u>
Total capital assets	<u>82,973,648</u>	<u>83,427,747</u>
Total assets	<u>198,899,226</u>	<u>182,471,995</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	<u>1,601,692</u>	<u>2,094,773</u>
CURRENT LIABILITIES		
Current portion of notes payable	1,010,000	960,000
Trade accounts payable	2,668,688	2,425,646
Construction contracts payable	1,616,518	-
Landfill tax payable	435,031	426,579
Accrued payroll and employee benefits	2,026,721	1,589,531
Other accrued expenses	231,367	414,008
Total current liabilities	<u>7,988,325</u>	<u>5,815,764</u>
LONG-TERM LIABILITIES		
Notes payable, net of current portion	19,413,202	20,585,159
Accrued closure and post-closure care costs	26,059,546	24,196,274
Net pension liability	<u>3,252,043</u>	<u>4,042,806</u>
Total long-term liabilities	<u>48,724,791</u>	<u>48,824,239</u>
Total liabilities	<u>56,713,116</u>	<u>54,640,003</u>
DEFERRED INFLOWS OF RESOURCES		
Leases	406,090	618,988
Pension	<u>2,065</u>	<u>25,099</u>
Total deferred inflows of resources	<u>408,155</u>	<u>644,087</u>
NET POSITION		
Net investment in capital assets	60,933,928	61,882,588
Unrestricted	<u>82,445,719</u>	<u>67,400,090</u>
Total net position	<u>\$143,379,647</u>	<u>\$129,282,678</u>

See Notes to Financial Statements.

Metro Waste Authority
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year ended June 30	
	2025	2024
OPERATING REVENUES		
Landfill and transfer stations	\$ 34,966,450	\$ 33,280,520
Recycling and hazardous waste	14,335,209	12,679,811
Contract management - garbage and yard waste	8,008,672	7,629,300
Compost	4,048,646	3,499,092
Office rental	627,460	599,319
Total operating revenues	61,986,437	57,688,042
OPERATING EXPENSES		
Landfill and transfer stations	13,850,405	12,603,975
Recycling and hazardous waste	11,665,337	10,706,125
Contract management - garbage and yard waste	7,076,867	7,038,382
Compost	3,051,282	3,184,936
Office rental	291,572	490,201
Central office	3,878,277	3,096,813
Provision for landfills and transfer stations closure and post-closure care costs	1,919,748	1,702,898
Total operating expenses	41,733,488	38,823,330
Operating income before depreciation and amortization	20,252,949	18,864,712
DEPRECIATION AND AMORTIZATION		
Depreciation	7,022,987	7,144,758
Amortization	3,587,124	5,089,363
Total depreciation and amortization	10,610,111	12,234,121
Operating income	9,642,838	6,630,591
NONOPERATING REVENUES (EXPENSES)		
Farm income, net of related expenses	118,063	60,479
Grant revenue	10,000	-
Investment income	4,344,721	3,936,912
Gain on sale of capital assets	42,272	21,062
Interest expense	(506,793)	(548,738)
Other	445,868	17,723
Total nonoperating revenues (expenses)	4,454,131	3,487,438
Change in net position	14,096,969	10,118,029
NET POSITION, beginning of year	129,282,678	119,164,649
NET POSITION, end of year	\$143,379,647	\$129,282,678

See Notes to Financial Statements.

**Metro Waste Authority
STATEMENTS OF CASH FLOWS**

	Year ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 62,588,084	\$ 56,991,562
Cash paid to suppliers for goods and services	(28,455,423)	(30,587,220)
Cash paid to employees for services	(10,000,758)	(9,108,822)
Cash paid to municipalities for facility host fees	(359,964)	(241,704)
Net cash flows from operating activities	<u>23,771,939</u>	<u>17,053,816</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on notes payable	(960,000)	(2,850,000)
Interest paid on notes payable	(672,750)	(752,100)
Purchase of capital assets	(8,539,494)	(6,722,446)
Cash received on sale of capital assets	42,272	21,062
Payments for landfill cell closure	(56,476)	(30,770)
Grants received	10,000	-
Net cash flow from capital and related financing activities	<u>(10,176,448)</u>	<u>(10,334,254)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	-	254,574
Purchase of investments	(16,867,210)	(8,250,859)
Interest received	199,603	263,446
Net cash received from leasing and other activities	879,882	384,270
Net cash flow from investing activities	<u>(15,787,725)</u>	<u>(7,348,569)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,192,234)	(629,007)
CASH AND CASH EQUIVALENTS		
Beginning	<u>7,095,138</u>	<u>7,724,145</u>
Ending	<u>\$ 4,902,904</u>	<u>\$ 7,095,138</u>

See Notes to Financial Statements.

Metro Waste Authority
STATEMENTS OF CASH FLOWS (continued)

	<u>Year ended June 30</u>	
	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 9,642,838	\$ 6,630,591
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation and amortization	10,610,111	12,234,121
Provision for closure and post-closure care costs	1,919,748	1,702,898
Lease revenue	(296,766)	(285,988)
Changes in assets and liabilities		
Accounts receivable	898,413	(410,492)
Insurance recoveries receivable	830,989	(830,989)
Prepaid expenses and other assets, net of investing activities	80,430	(148,348)
Inventories	(103,151)	78,545
Deferred outflows of resources	493,081	(845,347)
Payables, net of amounts for capital assets	251,494	(1,642,775)
Accrued payroll and employee benefits	258,549	16,933
Net pension liability	(790,763)	930,918
Deferred inflows of resources	<u>(23,034)</u>	<u>(376,251)</u>
 Net cash flows from operating activities	 <u>\$ 23,771,939</u>	 <u>\$ 17,053,816</u>

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Metro Waste Authority (the Agency) was formed in 1969 pursuant to the provisions of Chapter 28E of the Code of Iowa by a majority of the local governmental jurisdictions comprising the Des Moines, Iowa metropolitan area. The purpose of the Agency is to provide for the safe and economical collection and disposal of solid waste generated within the metropolitan area. Currently, this purpose is being met by operating sanitary landfills, transfer stations, a recycling facility, a hazardous waste collection facility, a compost facility, as well as managing solid waste and recycling programs. The Agency also provides disposal services to private contractors.

The Agency is comprised of one representative from each of the sixteen member cities and one representative from Polk County. The member cities are: Altoona, Ankeny, Bondurant, Clive, Des Moines, Elkhart, Grimes, Johnston, Mitchellville, Norwalk, Pleasant Hill, Polk City, Runnells, Urbandale, West Des Moines, and Windsor Heights. Each member is entitled to one vote for each 50,000 population or fraction thereof, residing in the governmental jurisdiction, as determined by the most recent general Federal Census.

Reporting Entity

For financial reporting purposes, the Agency has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

Measurement Focus and Basis of Accounting

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as applicable to governments. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Agency has no governmental or fiduciary funds.

The Agency's accounts are organized as an enterprise fund. The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expense, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When an expense is incurred which can be paid using either restricted or unrestricted resources, the Agency's policy is generally to first apply the expense toward restricted resources and then to less-restrictive classifications.

Cash and Cash Equivalents

The Agency considers all cash and short-term investments that are highly liquid to be cash equivalents.

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Disposal, recycling, hazardous waste collection, and other fees and service revenues are recorded at the time of service. The Agency provides for an allowance for uncollectible accounts that is estimated based on the Agency's historical losses, the existing economic conditions and the financial stability of the customers. The amount of the allowance for uncollectible as of June 30, 2025 and 2024 was \$100,000. Receivables are written off when they are determined to be uncollectible.

Inventories

Inventories, which consist of curbside carts, yard bags and stickers, are stated at cost, based on the first-in, first-out method.

Capital Assets

Capital assets are accounted for at historical cost or estimated historical cost where historical cost is not available. Depreciation and amortization of all exhaustible capital assets is charged as an expense against operations. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method using these asset lives:

Landfill improvements	5 to 10 years	Building improvements	10 years
Wetlands treatment facility	10 to 30 years	Automobiles and trucks	3 to 10 years
Buildings	10 to 40 years	Equipment	5 to 10 years

To match the expense related to landfill cell development with the revenue generated by the landfill operations, the Agency amortizes landfill cell development costs on a units-of-consumption basis over its operating life, on a cubic yard of disposal space consumed. Landfill cell development costs are fully amortized at the end of a landfill cell's operating life. The per-unit amortization rate is calculated by dividing the sum of landfill cell development net book value plus estimated future development costs for the landfill cell, by the landfill cell's estimated remaining disposal capacity.

The cost of repairs and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation and amortization of assets disposed of are deleted, with any gain or loss recorded in current operations.

Leases

The Agency is the lessor for certain noncancellable office space leases. The Agency recognizes a lease receivable and a deferred inflow of resources in the accompanying statements of net position.

At the commencement of a lease, the Agency initially measures the lease receivable at the present value of payments expected to be received during the lease term, discounted at the Agency's incremental borrowing rate. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Landfill Tax Payable

The Agency is required by the Iowa Department of Natural Resources (DNR) to collect and remit to the DNR a tonnage fee surcharge on non-exempt waste received. The Agency's accounting policy is to exclude the tonnage fee surcharge collected and remitted from revenues and expenses.

**Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The Agency recognizes a liability for accumulated time off which is more likely than not to be used or otherwise paid to employees. Agency employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. The compensated absences liability, included in accrued payroll and employee benefits, has been computed based on rates of pay in effect at June 30, 2025 and 2024, respectively.

Landfill Closure and Post-closure Care Costs

Costs expected to be incurred in ultimately closing the present landfill sites are being systematically provided for through charges to expense over the estimated useful life of the landfills on the basis of capacity used.

Investments and Investment Income

The Agency's investments and the methods used in determining the reported amounts are as follows:

<u>Type</u>	<u>Method</u>
Interest-earning investment contracts	
Nonnegotiable certificates of deposit	Cost
Debt securities	
U.S. Government Agency securities	Fair value based on quoted market prices

The nonnegotiable certificates of deposit and U.S. Government Agency securities are nonparticipating contracts not significantly affected by impairment of the issuer's credit standing or other factors. The debt securities with a remaining maturity of one year or less when purchased are also not significantly affected by the issuer's credit standing or by other factors.

Investment income is reported as nonoperating revenue. Investment income includes interest income and the net increase (decrease) in the fair value of investments which includes realized and unrealized gains and losses on investments.

Net Pension Liability

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 Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the statements of net position consists of the unamortized items related to the Agency's pension plan and deferred amounts related to the Agency's lease receivables.

**Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position is presented in the following three components:

Net investment in Capital Assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization and reduced by liabilities that are attributable to the acquisition, construction, or improvement of those assets.

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.

Unrestricted

Unrestricted net position has no externally imposed restrictions on use.

Accounting Estimates and Assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

The Agency's deposits in banks at June 30, 2025 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. The Agency's investment policy limits the amount that may be invested in one issuer (excluding U.S. Government obligations) to 25% of the portfolio.

Security Description	Investment Maturities as of June 30, 2025 (in Years)			
	Fair Value	Less Than 1	1 - 5	More Than 5
Cash equivalents	\$ 74,826,636	\$ 74,826,636	\$ —	\$ —
Federal Farm Credit Bank	5,663,274	2,664,694	2,998,580	—
FMCC	3,968,003	985,598	2,982,405	—
FHLB	9,886,378	4,209,153	5,677,225	—
FNMA	1,575,528	1,060,242	500,035	15,251
Treasury note	6,540,176	6,540,176	—	—
	<u>\$102,459,995</u>	<u>\$ 90,286,499</u>	<u>\$ 12,158,245</u>	<u>\$ 15,251</u>

**Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 CASH AND INVESTMENTS (continued)

Security Description	Investment Maturities as of June 30, 2024 (in Years)			
	Fair Value	Less Than 1	1 - 5	More Than 5
Cash equivalents	\$ 39,044,562	\$ 39,044,562	\$ -	\$ -
Federal Farm Credit Bank	5,509,704	1,457,965	4,051,739	-
FMCC	13,759,175	10,818,890	2,940,285	-
FHLB	14,410,034	4,554,496	9,855,538	-
FNMA	2,242,861	714,338	1,511,203	17,320
Certificates of deposit	6,462,905	-	6,462,905	-
	<u>\$ 81,429,241</u>	<u>\$ 56,590,251</u>	<u>\$ 24,821,670</u>	<u>\$ 17,320</u>

The Agency uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The fair value measurements for the Agency's investments were determined using quoted prices in active markets. (Level 1 inputs).

Credit Risk. The Agency's investment policy does not limit its investment portfolio based upon credit quality of the issuer. At June 30, 2025, all of the Agency's investments subject to credit quality ratings were rated AAA by Moody's Investor Service.

Interest Rate Risk. The Agency's investment policy limits the investing of operating funds (defined as funds reasonably expected to be expended within fifteen months) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, provided that the maturities are consistent with the needs and use of the Agency.

NOTE 3 ASSETS WHOSE USE IS LIMITED

Assets whose use is limited at June 30, 2025 and 2024 were limited for the following purposes:

	June 30	
	2025	2024
Legally restricted assets whose use is limited		
Closure and post-closure care costs – landfills	\$ 25,739,546	\$ 23,876,274
Closure costs – transfer stations	320,000	320,000
Landfill taxes payable	435,031	426,579
Notes payable, sinking fund balance	630,396	402,601
Total	<u>27,124,973</u>	<u>25,025,454</u>
Designated assets		
Capital projects - debt obligations existing, net of sinking fund balance	19,792,806	21,142,558
Capital projects - available for future needs	54,942,216	34,661,229
	<u>74,735,022</u>	<u>55,803,787</u>
Environmental contingencies	600,000	600,000
Total	<u>75,335,022</u>	<u>56,403,787</u>
 Total assets whose use is limited	 <u>\$102,459,995</u>	 <u>\$ 81,429,241</u>

Assets designated by the Board of Directors for capital projects and environmental contingencies represent assets set aside for these purposes. The Board retains control of these assets and may, at its discretion, subsequently use the assets for other purposes.

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS

During the year ended June 30, 2025, capital asset additions and disposals by type were as follows:

	Balance July 1, 2024	Additions	Disposals	Transfers	Balance June, 30 2025
Metro Park East Landfill					
Land	\$ 8,419,151	\$ —	\$ —	\$ —	\$ 8,419,151
Building	16,337,815	23,836	—	—	16,361,651
Landfill improvements	2,476,970	—	—	—	2,476,970
Landfill cell development	43,799,692	—	—	—	43,799,692
Wetlands treatment facility	4,408,832	—	—	—	4,408,832
	<u>75,442,460</u>	<u>23,836</u>	<u>—</u>	<u>—</u>	<u>75,466,296</u>
Metro Park West Landfill					
Land	4,682,614	—	—	—	4,682,614
Land improvements	454,292	—	—	—	454,292
Building	264,114	—	—	1,606,986	1,871,100
Landfill cell development	7,356,013	—	—	—	7,356,013
	<u>12,757,033</u>	<u>—</u>	<u>—</u>	<u>1,606,986</u>	<u>14,364,019</u>
Metro Northwest Transfer Station					
Land	1,899,162	—	—	—	1,899,162
Building	9,491,949	—	—	—	9,491,949
Land improvements	3,928,184	—	—	—	3,928,184
	<u>15,319,295</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>15,319,295</u>
Metro Central Transfer Station					
Land	89,221	—	—	—	89,221
Land improvements	217,643	—	—	—	217,643
Building	5,077,509	—	—	—	5,077,509
	<u>5,384,373</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,384,373</u>
Metro Compost Center					
Leasehold improvements	1,507,780	—	—	—	1,507,780
Metro Hazardous Waste Drop-Off					
Land	168,896	—	—	—	168,896
Building	3,202,740	—	—	—	3,202,740
	<u>3,371,636</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,371,636</u>
300 East Locust Office Building					
Land	498,000	—	—	—	498,000
Building	7,998,466	—	—	—	7,998,466
	<u>8,496,466</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,496,466</u>
Metro Recycling Facility					
Building	15,714,220	237,869	—	—	15,952,089
Automobiles, trucks and other equipment					
Office equipment - Central Office and Landfills	1,782,772	146,183	—	—	1,928,955
Landfills	26,579,089	3,800,993	(496,705)	—	29,883,377
Metro Central Transfer Station	7,032,715	—	—	—	7,032,715
Metro Hazardous Waste Drop-Off	1,137,755	5,090	—	—	1,142,845
Recycling Programs	5,755,311	300,739	—	—	6,056,050
Metro Compost Center	3,588,815	—	(38,266)	—	3,550,549
Metro Northwest Transfer Station	2,151,693	14,224	—	—	2,165,917
Metro Recycling Facility	15,271,790	435,554	—	175,616	15,882,960
	<u>63,299,940</u>	<u>4,702,783</u>	<u>(534,971)</u>	<u>175,616</u>	<u>67,643,368</u>
Construction in progress	364,924	5,191,524	—	(1,782,602)	3,773,846
Totals	201,658,127	10,156,012	(534,971)	—	211,279,168
Less accumulated depreciation and amortization	(118,230,380)	(10,610,111)	534,971	—	(128,305,520)
Net capital assets	<u>\$83,427,747</u>	<u>\$ (454,099)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$82,973,648</u>

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (continued)

During the year ended June 30, 2024, capital asset additions and disposals by type were as follows:

	Balance July 1, 2023	Additions	Disposals	Transfers	Balance June, 30 2024
Metro Park East Landfill					
Land	\$ 8,419,151	\$ -	\$ -	\$ -	\$ 8,419,151
Building	16,001,387	17,460	(8,140)	327,108	16,337,815
Landfill improvements	2,476,970	-	-	-	2,476,970
Landfill cell development	43,799,692	-	-	-	43,799,692
Wetlands treatment facility	4,408,832	-	-	-	4,408,832
	<u>75,106,032</u>	<u>17,460</u>	<u>(8,140)</u>	<u>327,108</u>	<u>75,442,460</u>
Metro Park West Landfill					
Land	4,682,614	-	-	-	4,682,614
Land improvements	454,292	-	-	-	454,292
Building	264,114	-	-	-	264,114
Landfill cell development	3,372,533	397,161	-	3,586,319	7,356,013
	<u>8,773,553</u>	<u>397,161</u>	<u>-</u>	<u>3,586,319</u>	<u>12,757,033</u>
Metro Northwest Transfer Station					
Land	1,899,162	-	-	-	1,899,162
Building	9,443,464	48,485	-	-	9,491,949
Land improvements	3,928,184	-	-	-	3,928,184
	<u>15,270,810</u>	<u>48,485</u>	<u>-</u>	<u>-</u>	<u>15,319,295</u>
Metro Central Transfer Station					
Land	89,221	-	-	-	89,221
Land improvements	217,643	-	-	-	217,643
Building	5,036,063	41,446	-	-	5,077,509
	<u>5,342,927</u>	<u>41,446</u>	<u>-</u>	<u>-</u>	<u>5,384,373</u>
Metro Compost Center					
Leasehold improvements	1,507,780	-	-	-	1,507,780
Metro Hazardous Waster Drop-Off					
Land	168,896	-	-	-	168,896
Building	3,202,740	-	-	-	3,202,740
	<u>3,371,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,371,636</u>
300 East Locust Office Building					
Land	498,000	-	-	-	498,000
Building	8,009,679	-	(11,213)	-	7,998,466
	<u>8,507,679</u>	<u>-</u>	<u>(11,213)</u>	<u>-</u>	<u>8,496,466</u>
Metro Recycling Facility					
Building	15,720,524	-	(6,304)	-	15,714,220
Automobiles, trucks and other equipment					
Office equipment - Central Office and Landfills	1,765,676	46,772	(29,676)	-	1,782,772
Landfill	25,707,827	871,262	-	-	26,579,089
Metro Central Transfer Station	6,746,921	50,674	-	235,120	7,032,715
Metro Hazardous Waste Drop Off	828,735	309,020	-	-	1,137,755
Recycling Programs	5,489,836	265,475	-	-	5,755,311
Metro Compost Center	3,588,815	-	-	-	3,588,815
Metro Northwest Transfer Station	2,112,936	38,757	-	-	2,151,693
Metro Recycling Facility	14,113,478	1,240,659	(82,347)	-	15,271,790
	<u>60,354,224</u>	<u>2,822,619</u>	<u>(112,023)</u>	<u>235,120</u>	<u>63,299,940</u>
Construction in progress	3,954,400	559,071	-	(4,148,547)	364,924
Totals	197,909,565	3,886,242	(137,680)	-	201,658,127
Less accumulated depreciation and amortization	<u>(106,025,940)</u>	<u>(12,234,121)</u>	<u>29,681</u>	<u>-</u>	<u>(118,230,380)</u>
Net capital assets	<u>\$91,883,625</u>	<u>\$ (8,347,879)</u>	<u>\$ (107,999)</u>	<u>\$ -</u>	<u>\$83,427,747</u>

**Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 CAPITAL ASSETS (continued)

Land with a carrying value of approximately \$9,535,000 was not used in the landfill operations as of June 30, 2025 and 2024. Of this amount, approximately \$8,302,000 was leased or farmed as farmland as of June 30, 2025 and 2024.

NOTE 5 NOTES PAYABLE

Notes payable at June 30, 2025 and 2024 are summarized as follows:

	2025	2024
General Obligation Capital Loan Notes Series 2020A	\$ 19,445,000	\$ 20,405,000
Less current portion	(1,010,000)	(960,000)
Plus unamortized bond premium	978,202	1,140,159
Long-term debt	\$ 19,413,202	\$ 20,585,159

General Obligation Capital Loan Notes, Series 2020

In June 2020, Polk County, Iowa issued General Obligation Capital Loan Notes, Series 2020A and 2020B of which \$22,350,000 and \$8,165,000, respectively, were allocable to the Agency. Proceeds from the notes were used by the Agency to repay previous loan obligations and finance the Metro Recycling Facility project. The Agency has pledged future net revenues to repay the Notes. The Notes require maintaining several covenants, including maintaining net revenues of at least 125% of the amount of principal and interest due annually and maintaining 75 days of unrestricted cash on hand at all times. The loans bear interest at rates ranging from 2% to 5%. Series 2020B was fully paid off in the year ended June 30, 2024.

Principal and interest maturities of the notes payable at June 30, 2025 are summarized as follows:

Year ending June 30	Principal	Interest	Total
2026	\$ 1,010,000	\$ 624,750	\$ 1,634,750
2027	1,060,000	574,250	1,634,250
2028	1,115,000	521,250	1,636,250
2029	1,145,000	487,800	1,632,800
2030	1,180,000	453,450	1,633,450
2031-2035	6,455,000	1,714,650	8,169,650
2036-2040	7,480,000	686,400	8,166,400
Totals	\$ 19,445,000	\$ 5,062,550	\$ 24,507,550

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 5 NOTES PAYABLE (continued)

A summary of changes in notes payable for the year ended June 30, 2025 follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
GO Capital Loan Notes, Series 2020A	\$ 20,405,000	\$ –	\$ 960,000	\$ 19,445,000	\$ 1,010,000
Totals	<u>\$ 20,405,000</u>	<u>\$ –</u>	<u>\$ 960,000</u>	<u>\$ 19,445,000</u>	<u>\$ 1,010,000</u>

A summary of changes in notes payable for the year ended June 30, 2024 follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
GO Capital Loan Notes, Series 2020A	\$ 21,150,000	\$ –	\$ 745,000	\$ 20,405,000	\$ 960,000
GO Capital Loan Notes, Series 2020B	<u>2,105,000</u>	<u>–</u>	<u>2,105,000</u>	<u>–</u>	<u>–</u>
Totals	<u>\$ 23,255,000</u>	<u>\$ –</u>	<u>\$ 2,850,000</u>	<u>\$ 20,405,000</u>	<u>\$ 960,000</u>

NOTE 6 CLOSURE AND POST-CLOSURE CARE COSTS

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/post-closure plan and to provide funding necessary to effect closure and post-closure care, including the proper monitoring and care of the landfills after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year post-closure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirements is to commit landfill owners to perform certain closing functions and post-closure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

The Agency is required to estimate total landfill closure and post-closure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs would consist of four components: (1) the cost of equipment and facilities used in post-closure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the post-closure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

Transfer stations closure care

To comply with state regulations, the Agency is required to complete a closure plan detailing how it will comply with proper disposal of all solid waste and litter at the sites, cleaning the transfer station buildings, including the rinsing of all surfaces which have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles which will remain on site, including the rinsing of all surfaces which have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

**Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 CLOSURE AND POST-CLOSURE CARE COSTS (continued)

Transfer stations closure care (continued)

To comply with state regulations, the Agency is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit owners to perform certain closing functions as a condition for the right to operate the transfer station.

The total closure care costs for both transfer stations as of June 30, 2025 and 2024 have been estimated at \$320,000. The balance is fully funded at June 30, 2025 and 2024.

The Agency's estimated closure and post-closure care liabilities are as follows as of June 30, 2025 and 2024:

	June 30	
	2025	2024
Post-closure care – landfills	\$ 10,094,303	\$ 9,700,389
Closure costs – landfills	15,645,243	14,175,885
Closure costs – transfer stations	320,000	320,000
 Totals	 \$ 26,059,546	 \$ 24,196,274

The provision for landfill and transfer station closure and post-closure care costs recognized for the years ended June 30, 2025 and 2024 is as follows:

	Year ended June 30	
	2025	2024
Provision for post-closure care – landfills	\$ 450,390	\$ 245,294
Provision for closure costs – landfills	1,469,358	1,137,604
Provision for closure costs – transfer stations	–	320,000
 Totals	 \$ 1,919,748	 \$ 1,702,898

The total landfill closure and post-closure care costs for the Agency have been estimated at approximately \$29,284,000 as of June 30, 2025, and the portion of the liability that has been recognized is \$25,739,546. This liability represents the cumulative amount reported to date based on the use of approximately 87 percent of the capacity of the developed landfill less payments for cell closure, with a remaining life of approximately 1.93 years. A provision for the above liability has been made on the Agency's statements of net position as of June 30, 2025 and 2024. The Agency has accumulated resources to fund these costs. They are included in assets whose use is limited on the statements of net position and total \$25,739,546 and \$23,876,274 as of June 30, 2025 and 2024, respectively.

NOTE 7 SOLID WASTE TONNAGE FEES RETAINED

The Agency has established an account for restricting and using solid waste tonnage fees retained by the Agency in accordance with Chapter 455B.310 of the Code of Iowa and DNR guidelines. As of June 30, 2025 and 2024, there were no unspent amounts retained by the Agency.

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN

Plan Description

IPERS is a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System. Membership is mandatory for employees of the Agency, except for those covered by another retirement system. IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

**Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 PENSION PLAN (continued)

Contributions (continued)

In fiscal years 2025 and 2024, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the Agency contributed 9.44% for a total rate of 15.73%.

The Agency's contributions to IPERS for the years ended June 30, 2025 and 2024 were \$862,841 and \$790,736, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025 and 2024, the Agency reported a liability of \$3,252,043 and \$4,042,806, respectively, for its proportionate share of the net pension liability. The Agency's net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. The following table summarizes the change in the Agency's proportionate share:

	Measurement Date		
	June 30		
	2024	2023	Change
Agency's proportionate share	0.089305 %	0.089568 %	(0.000263)%
	2023	2022	Change
Agency's proportionate share	0.089568 %	0.082365 %	0.007203 %

For the years ended June 30, 2025 and 2024, the Agency recognized pension expense of \$542,126 and \$500,056, respectively. At June 30, 2025 and 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension Related Deferred			
	Outflows of Resources		Inflows of Resources	
	2025	2024	2025	2024
Difference between expected and actual experience	\$ 258,768	\$ 342,027	\$ 2,020	\$ 16,617
Change in assumptions	-	-	45	64
Net difference between projected and actual earnings on pension plan investments	40,672	374,413	-	-
Change in proportion and difference between Agency contributions and proportionate share of contributions	439,411	587,597	-	8,418
Agency contributions subsequent to the measurement date	862,841	790,736	-	-
Totals	\$1,601,692	\$2,094,773	\$ 2,065	\$ 25,099

**Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 PENSION PLAN (continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$862,841 and \$790,736 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending June 30, 2026 and 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30

2026		\$ (262,355)
2027		937,456
2028		133,281
2029		(73,290)
2030		<u>1,694</u>
Totals		<u>\$ 736,786</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of a quadrennial experience study covering the period July 1, 2017 through June 30, 2021.

Mortality rates used in the 2024 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0%	3.5%
International equity	13.0	5.2
Global smart beta equity	5.0	4.1
Core plus fixed income	25.5	3.0
Public credit	3.0	4.5
Cash	1.0	1.7
Private equity	17.0	8.9
Private real assets	9.0	4.3
Private credit	5.5	6.6
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Agency's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Agency's proportionate share of the net pension liability (asset) as of June 30, 2025	<u>\$ 7,980,456</u>	<u>\$ 3,252,043</u>	<u>\$ (708,027)</u>
Agency's proportionate share of the net pension liability as of June 30, 2024	<u>\$ 8,595,906</u>	<u>\$ 4,042,806</u>	<u>\$ 227,233</u>

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan

At June 30, 2025 and 2024, the Agency reported payables to the defined benefit pension plan of approximately \$66,000 and \$60,000, respectively, for legally required employer contributions and approximately \$44,000 and \$40,000, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 9 RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered in part by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Agency assumes liability for any deductibles and claims in excess of coverage limitations and retains risk of loss in certain instances.

The Agency is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 805 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: property, general liability, automobile liability, employment practices liability, public officials' liability, cyber liability, and crime liability. There have been no reductions in insurance coverage from prior years.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The Agency's contributions to the Pool for the years ended June 30, 2025 and 2024 were \$623,599 and \$404,753, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$500,000 each occurrence, each location. Property risks exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Agency's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 9 RISK MANAGEMENT (continued)

The Agency does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2025 and 2024, no liability has been recorded in the Agency's financial statements. As of June 30, 2025 and 2024, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

NOTE 10 CONTINGENCIES

The Agency is subject to constantly changing laws and regulations at both the federal and state levels. These regulations and related enforcement activities reflect a continuing public and governmental concern in providing for environmentally sound solid and chemical waste collection, transportation, storage, treatment and disposal practices. The impact of present and developing laws, regulations and enforcement activities upon the Agency's future capital and operating costs cannot reasonably be estimated, but management believes that such costs may be significant. In addition, there are a number of inherent risks and uncertainties in operating landfill, transfer station, regional collection and composting sites, with related environmental impact challenges possible. However, the future effect, if any, on the Agency cannot be foreseen at the present time.

The Agency is involved in litigation arising in the ordinary course of activities. While these cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the financial statements.

NOTE 11 CHANGE IN ACCOUNTING PRINCIPLE

Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, was implemented in fiscal year 2025. This statement replaces previous guidance on compensated absences and requires the Agency to recognize a liability for leave that accumulates and is more likely than not to be used for time off or otherwise paid to employees. Implementation did not have a material effect on the Agency's financial statements; therefore, prior period amounts were not restated.

REQUIRED SUPPLEMENTARY INFORMATION

Metro Waste Authority
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Iowa Public Employees' Retirement System
(In Thousands)
Required Supplementary Information

	June 30				
	2025	2024	2023	2022	2021
Agency's proportion of the net pension liability	0.089305 %	0.089568 %	0.082365 %	(0.029415)%	0.069429 %
Agency's proportionate share of the net pension liability	\$ 3,252	\$ 4,043	\$ 3,112	\$ 102	\$ 4,877
Agency covered payroll	\$ 9,140	\$ 8,376	\$ 8,000	\$ 6,751	\$ 5,898
Agency's proportionate share of the net pension liability as a percentage of its total covered payroll	36 %	48 %	39 %	2 %	83 %
IPERS net position as a percentage of the total pension liability	92 %	90 %	91 %	101 %	83 %

	June 30				
	2020	2019	2018	2017	2016
Agency's proportion of the net pension liability	0.070181 %	0.071320 %	0.070789 %	0.071600 %	0.071212 %
Agency's proportionate share of the net pension liability	\$ 4,064	\$ 4,513	\$ 4,715	\$ 4,506	\$ 3,518
Agency covered payroll	\$ 5,558	\$ 5,341	\$ 5,384	\$ 5,383	\$ 5,248
Agency's proportionate share of the net pension liability as a percentage of its total covered payroll	73 %	84 %	88 %	84 %	67 %
IPERS net position as a percentage of the total pension liability	85 %	83 %	82 %	81 %	85 %

Note: In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Metro Waste Authority
SCHEDULE OF AGENCY PENSION CONTRIBUTIONS
Iowa Public Employees' Retirement System
(In Thousands)
Required Supplementary Information

	June 30				
	2025	2024	2023	2022	2021
Statutory required contribution	\$ 863	\$ 791	\$ 755	\$ 638	\$ 557
Contributions in relation to the statutorily required contribution	<u>863</u>	<u>791</u>	<u>755</u>	<u>638</u>	<u>557</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Agency's covered payroll	\$ 9,140	\$ 8,376	\$ 8,000	\$ 6,751	\$ 5,898
Contributions as a percentage of covered payroll	9.4 %	9.4 %	9.4 %	9.5 %	9.4 %

	June 30				
	2020	2019	2018	2017	2016
Statutory required contribution	\$ 525	\$ 504	\$ 480	\$ 473	\$ 463
Contributions in relation to the statutorily required contribution	<u>525</u>	<u>504</u>	<u>480</u>	<u>473</u>	<u>463</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Agency's covered payroll	\$ 5,558	\$ 5,341	\$ 5,384	\$ 5,383	\$ 5,248
Contributions as a percentage of covered payroll	9.4 %	9.4 %	8.9 %	8.8 %	8.8 %

See accompanying notes to required supplementary information – net pension liability.

Metro Waste Authority
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – NET PENSION LIABILITY
Year ended June 30, 2025

CHANGES OF BENEFIT TERMS

There are no significant changes in benefit terms.

CHANGES OF ASSUMPTIONS

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for regular members.
- Lowered disability rates for regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

Board of Directors
Metro Waste Authority
Des Moines, Iowa

We have audited the financial statements of Metro Waste Authority as of and for the years ended June 30, 2025 and 2024, and our report thereon dated November 16, 2025, which contained an unmodified opinion on those financial statements, appears on pages 4 through 6. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The following supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked "unaudited", has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements for the eight years ended June 30, 2023 (which are not presented herein), and we expressed unmodified opinions on those financial statements.

In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audits of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.


Denman CPA LLP

West Des Moines, Iowa
November 16, 2025

Metro Waste Authority
COMBINING STATEMENT OF REVENUES AND EXPENSES BY DEPARTMENT
Year ended June 30, 2025

	<u>Combined</u>	<u>Metro Park East Landfill</u>	<u>Metro Park West Landfill</u>	<u>Metro Transfer Stations</u>	<u>Metro Compost Center</u>	<u>Metro Hazardous Waste Drop-Off</u>	<u>Metro Recycling Facility</u>	<u>Recycling Programs</u>	<u>Rental - 300 East Locust</u>	<u>Central Office*</u>
OPERATING REVENUES										
Landfill and transfer stations	\$34,966,450	\$19,794,129	\$ 1,866,989	\$13,305,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recycling and hazardous waste	14,335,209	-	-	-	-	1,390,735	6,566,074	6,378,400	-	-
Contract management - garbage and yard waste	8,008,672	-	-	-	-	-	-	-	-	8,008,672
Compost	4,048,646	-	-	-	4,048,646	-	-	-	-	-
Office rental	627,460	-	-	-	-	-	-	-	627,460	-
Total operating revenues	<u>61,986,437</u>	<u>19,794,129</u>	<u>1,866,989</u>	<u>13,305,332</u>	<u>4,048,646</u>	<u>1,390,735</u>	<u>6,566,074</u>	<u>6,378,400</u>	<u>627,460</u>	<u>8,008,672</u>
OPERATING EXPENSES										
Landfill and transfer stations	13,850,405	9,497,149	874,187	3,479,069	-	-	-	-	-	-
Recycling and hazardous waste	11,665,337	-	-	-	-	1,570,903	4,504,308	5,590,126	-	-
Contract management - garbage and yard waste	7,076,867	-	-	-	-	-	-	-	-	7,076,867
Compost	3,051,282	-	-	-	3,051,282	-	-	-	-	-
Office rental	291,572	-	-	-	-	-	-	-	291,572	-
Central office	3,878,277	-	-	-	-	-	-	-	-	3,878,277
Provision for landfills and transfer stations closure and post-closure care costs	1,919,748	1,393,969	525,779	-	-	-	-	-	-	-
Total operating expenses	<u>41,733,488</u>	<u>10,891,118</u>	<u>1,399,966</u>	<u>3,479,069</u>	<u>3,051,282</u>	<u>1,570,903</u>	<u>4,504,308</u>	<u>5,590,126</u>	<u>291,572</u>	<u>10,955,144</u>
Operating income (loss) before depreciation and amortization	<u>20,252,949</u>	<u>8,903,011</u>	<u>467,023</u>	<u>9,826,263</u>	<u>997,364</u>	<u>(180,168)</u>	<u>2,061,766</u>	<u>788,274</u>	<u>335,888</u>	<u>(2,946,472)</u>
DEPRECIATION AND AMORTIZATION										
Depreciation	7,022,987	2,211,903	181,452	1,637,714	248,071	177,180	2,059,452	207,754	248,454	51,007
Amortization	3,587,124	3,299,067	288,057	-	-	-	-	-	-	-
Total depreciation and amortization	<u>10,610,111</u>	<u>5,510,970</u>	<u>469,509</u>	<u>1,637,714</u>	<u>248,071</u>	<u>177,180</u>	<u>2,059,452</u>	<u>207,754</u>	<u>248,454</u>	<u>51,007</u>
Operating income (loss)	<u>9,642,838</u>	<u>3,392,041</u>	<u>(2,486)</u>	<u>8,188,549</u>	<u>749,293</u>	<u>(357,348)</u>	<u>2,314</u>	<u>580,520</u>	<u>87,434</u>	<u>(2,997,479)</u>
NONOPERATING REVENUES (EXPENSES)										
Farm income, net of related expenses	118,063	118,063	-	-	-	-	-	-	-	-
Grant revenue	10,000	10,000	-	-	-	-	-	-	-	-
Investment income	4,344,721	-	-	-	-	-	-	-	-	4,344,721
Gain on sale of capital assets	42,272	-	-	-	-	-	-	-	-	42,272
Interest expense	(506,793)	-	-	(1,282)	-	-	(505,511)	-	-	-
Other revenues (expenses)	445,868	31,592	(2,051)	-	-	1,603	423,779	-	-	(9,055)
Total nonoperating revenues (expenses)	<u>4,454,131</u>	<u>159,655</u>	<u>(2,051)</u>	<u>(1,282)</u>	<u>-</u>	<u>1,603</u>	<u>(81,732)</u>	<u>-</u>	<u>-</u>	<u>4,377,938</u>
Increase (decrease) in net position	<u>\$14,096,969</u>	<u>\$ 3,551,696</u>	<u>\$ (4,537)</u>	<u>\$ 8,187,267</u>	<u>\$ 749,293</u>	<u>\$ (355,745)</u>	<u>\$ (79,418)</u>	<u>\$ 580,520</u>	<u>\$ 87,434</u>	<u>\$ 1,380,459</u>

*Included in Central Office is activity of the central office, contract management of solid waste programs, grant programs, engineering studies, and other miscellaneous Agency activity.

Metro Waste Authority
COMBINING SUMMARY OF OPERATING EXPENSES, EXCLUDING
DEPRECIATION AND AMORTIZATION, BY DEPARTMENT
Year ended June 30, 2025

	Combined	Metro Park East Landfill	Metro Park West Landfill	Metro Transfer Stations	Metro Compost Center	Metro Hazardous Waste Drop-Off	Metro Recycling Facility	Recycling Programs	Rental - 300 East Locust	Central Office*
Salaries	\$10,259,307	\$ 2,977,345	\$ 316,743	\$ 1,494,570	\$ 184,568	\$ 592,269	\$ 1,853,955	\$ 639,984	\$ -	\$ 2,199,873
Payroll taxes	705,488	235,131	23,409	116,466	12,790	40,938	106,942	43,940	-	125,872
Benefits	1,494,836	509,105	52,391	260,536	25,861	69,776	249,147	80,338	-	247,682
Site maintenance	2,096,129	1,695,719	15,589	187,921	12,198	18,961	13,895	-	151,846	-
Contract management	7,076,867	-	-	-	-	-	-	-	-	7,076,867
Recycling programs	4,801,646	-	-	-	-	238,582	-	4,563,064	-	-
Commodity share fee	576,807	-	-	-	-	-	576,807	-	-	-
Vehicle repairs and maintenance	2,781,718	1,159,437	144,630	931,184	149,632	6,012	357,663	33,160	-	-
Vehicle fuel	1,574,815	1,269,084	106,494	152,527	2,008	7,873	26,839	-	-	9,990
Computer maintenance	247,797	38,494	3,354	1,817	602	2,289	7,989	668	-	192,584
Minor equipment	197,913	84,224	1,653	4,942	5,130	4,353	78,724	18,887	-	-
Professional services	413,293	21,068	-	-	-	1,790	6,820	300	-	383,315
Engineering services	224,709	154,429	68,718	812	-	750	-	-	-	-
Graphics design/contract printing	131,306	3,171	206	-	25,013	1,313	2,038	8,501	-	91,064
Contract disposal	428,130	-	-	-	-	324,247	-	103,883	-	-
Property taxes and host fees	201,089	113,852	-	55,439	-	15,123	-	-	16,675	-
Telephone and utilities	525,515	130,222	27,433	58,304	3,068	37,506	180,499	-	55,710	32,773
Building and office supplies	610,671	160,519	20,915	93,759	1,121	129,098	93,916	6,553	67,341	37,449
Advertising	374,742	65,223	3,020	7,019	74,990	65,811	4,022	68,611	-	86,046
Travel	62,177	15,216	319	-	940	1,512	15,163	3,592	-	25,435
Postage	12,964	405	27	-	-	34	52	-	-	12,446
Credit card discount	48,535	(33,835)	-	-	2,860	(26,259)	-	-	-	105,769
Miscellaneous	614,978	124,816	198	1,775	1,258	2,652	439,135	8	-	45,136
Insurance	1,065,540	315,679	23,695	111,998	10,524	29,778	446,589	18,637	-	108,640
Leachate processing	522,478	457,210	65,268	-	-	-	-	-	-	-
Machinery and equipment rental	51,368	635	125	-	-	6,495	44,113	-	-	-
Office and facilities rent	172,800	-	-	-	-	-	-	-	-	172,800
Yard waste collection and bags	2,538,719	-	-	-	2,538,719	-	-	-	-	-
Community cleanup grants	1,000	-	-	-	-	-	-	-	-	1,000
Environmental Management System	403	-	-	-	-	-	-	-	-	403
Total operating expenses, excluding depreciation and amortization	<u>\$39,813,740</u>	<u>\$ 9,497,149</u>	<u>\$ 874,187</u>	<u>\$ 3,479,069</u>	<u>\$ 3,051,282</u>	<u>\$ 1,570,903</u>	<u>\$ 4,504,308</u>	<u>\$ 5,590,126</u>	<u>\$ 291,572</u>	<u>\$10,955,144</u>

*Included in Central Office is activity of the central office, contract management of solid waste programs, grant programs, engineering studies, and other miscellaneous Agency activity.

Metro Waste Authority
SUMMARY OF HISTORICAL OPERATING INFORMATION

	Year ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES	\$ 61,986,437	\$ 57,688,042	\$ 56,433,211	\$ 52,438,779	\$ 44,140,809	\$ 40,902,064	\$ 37,793,275	\$ 37,672,758	\$ 36,078,013	\$ 34,651,660
EXPENSES										
Operating expenses (excluding depreciation and amortization)	39,813,740	37,120,432	33,746,195	30,102,499	26,761,728	25,003,038	24,387,973	23,165,492	22,694,201	22,663,100
Provision for landfill closure and post-closure care costs	1,919,748	1,702,898	1,743,676	2,332,350	1,519,558	870,451	3,102,483	3,225,229	1,492,485	(1,640,601)
Operating income before depreciation and amortization	<u>20,252,949</u>	<u>18,864,712</u>	<u>20,943,340</u>	<u>20,003,930</u>	<u>15,859,523</u>	<u>15,028,575</u>	<u>10,302,819</u>	<u>11,282,037</u>	<u>11,891,327</u>	<u>13,629,161</u>
DEPRECIATION AND AMORTIZATION										
Depreciation	7,022,987	7,144,758	7,171,341	6,593,377	5,651,441	5,457,131	5,442,460	5,164,811	4,909,781	4,231,989
Amortization	3,587,124	5,089,363	2,619,387	2,424,311	2,366,453	2,651,437	957,452	1,081,891	1,903,815	1,383,954
	<u>10,610,111</u>	<u>12,234,121</u>	<u>9,790,728</u>	<u>9,017,688</u>	<u>8,017,894</u>	<u>8,108,568</u>	<u>6,399,912</u>	<u>6,246,702</u>	<u>6,813,596</u>	<u>5,615,943</u>
Operating income	<u>9,642,838</u>	<u>6,630,591</u>	<u>11,152,612</u>	<u>10,986,242</u>	<u>7,841,629</u>	<u>6,920,007</u>	<u>3,902,907</u>	<u>5,035,335</u>	<u>5,077,731</u>	<u>8,013,218</u>
NONOPERATING REVENUES (EXPENSES)										
Farm income, net of related expenses	118,063	60,479	149,152	132,332	203,925	1,845	44,876	91,946	213,447	101,745
Grant revenue	10,000	—	76,664	141,947	—	—	—	—	—	—
Investment income (loss)	4,344,721	3,936,912	1,478,270	(982,889)	(43,317)	800,220	1,512,896	136,672	3,634	717,082
Gain (loss) on sale of capital assets	42,272	21,062	3,681	430,541	12,025	127,965	2,456	126,099	(123,018)	—
Interest expense	(506,793)	(548,738)	(589,866)	(626,826)	(737,327)	(341,560)	(395,075)	(418,164)	(453,663)	(493,018)
Debt issuance costs	—	—	—	—	—	(782,367)	—	—	—	—
Other	445,868	17,723	327,607	391,679	162,536	254,590	62,506	70,523	207,610	4,333
Total nonoperating revenues (expenses)	<u>4,454,131</u>	<u>3,487,438</u>	<u>1,445,508</u>	<u>(513,216)</u>	<u>(402,158)</u>	<u>60,693</u>	<u>1,227,659</u>	<u>7,076</u>	<u>(151,990)</u>	<u>330,142</u>
Increase in net position	<u>\$ 14,096,969</u>	<u>\$ 10,118,029</u>	<u>\$ 12,598,120</u>	<u>\$ 10,473,026</u>	<u>\$ 7,439,471</u>	<u>\$ 6,980,700</u>	<u>\$ 5,130,566</u>	<u>\$ 5,042,411</u>	<u>\$ 4,925,741</u>	<u>\$ 8,343,360</u>
Percent increase (decrease) from prior period										
Revenues	7.45 %	2.22 %	7.62 %	18.80 %	7.92 %	8.23 %	0.32 %	4.42 %	4.12 %	4.69 %
Operating expenses excluding depreciation and amortization	7.26 %	10.00 %	12.10 %	12.48 %	7.03 %	2.52 %	5.28 %	2.08 %	0.14 %	7.96 %
Provision for depreciation and amortization	(13.27)%	24.96 %	8.57 %	12.47 %	(1.12)%	26.70 %	2.45 %	(8.32)%	21.33 %	2.05 %
Tonnage delivered to landfill (unaudited)	868,166	870,034	893,250	898,430	805,920	792,966	741,382	750,706	710,050	685,898
Compost tonnage (unaudited)	44,872	40,827	37,779	38,849	45,185	40,865	34,783	35,128	35,479	47,221

*During 2016, the Agency opened new cells at Metro Park East and Metro Park West and introduced a new method of compacting. These activities increased the capacity of the landfill and decreased costs.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Metro Waste Authority
Des Moines, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Metro Waste Authority (the Agency) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro Waste Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro Waste Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance or other matters which is described in the accompanying schedule of findings.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2025 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Agency's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Agency's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Denman CPA LLP
Denman CPA LLP

West Des Moines, Iowa
November 16, 2025

**Metro Waste Authority
SCHEDULE OF FINDINGS
Year ended June 30, 2025**

Part I – Finding Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

No matters were reported.

INSTANCES OF NONCOMPLIANCE

No matters were reported.

Metro Waste Authority
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2025

PART II – FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

QUESTIONABLE EXPENSES

No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

TRAVEL EXPENSE

No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.

RESTRICTED DONOR ACTIVITY

No transactions were noted between the Agency, Agency officials, Agency employees and restricted donors, in compliance with Chapter 65B of the Code of Iowa.

BOARD MINUTES

No transactions were found that we believe should have been approved in the Agency minutes but were not.

In one of three instances tested, the Agency did not deliver documentation of the minutes for publication within twenty days as required by Chapter 28E.6 of the Code of Iowa.

Recommendation

The minutes should have been delivered for publication within twenty days as required by Chapter 28E.6 3A of the Code of Iowa.

Response

The agency will work to deliver publications within twenty days as required by Chapter 28E.6 of the Code of Iowa.

Conclusion

Response accepted.

DEPOSITS AND INVESTMENTS

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Agency's investment policy were noted.

SOLID WASTE FEES RETAINAGE

No instances of noncompliance with the solid waste fees used or retained in accordance with Chapter 455B.310 of the Code of Iowa were noted.

Metro Waste Authority
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2025

PART II – FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (continued)

FINANCIAL ASSURANCE

The Agency has elected to demonstrate financial assurance for closure and post-closure care by establishing a local government dedicated fund and through the local government financial test mechanism, both as provided in Chapter 567-113.14(6) of the Iowa Administration Code (IAC). The local government financial test mechanism is in place to assure those costs not covered by the dedicated fund mechanism. Financial assurance, as submitted to the Iowa Department of Natural Resources in April 2025, is demonstrated as follows:

	<u>Closure/ Post-closure Care</u>
Total estimated costs for closure and post-closure care	\$ 29,283,740
Less: Amount Agency has restricted for closure and post-closure care (dedicated fund mechanism)	<u>23,876,276</u>
Remaining costs to be assured through the local government financial test	<u>\$ 5,407,464</u>
Financial assurance through the local government financial test	<u>\$ 5,407,464</u>