Metro Waste Authority
Des Moines, Iowa

FINANCIAL REPORT

June 30, 2019 and 2018

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Metro Waste Authority
OFFICIALS

Name	Title	Representing
Mark Holm	Chair	Ankeny
Ron Pogge	Vice Chair	Urbandale
Dean O'Connor	Member	Altoona
Wes Enos	Member	Bondurant
John Edwards	Member	Clive
Josh Mandelbaum	Member	Des Moines
Kevin Smith	Member	Elkhart
Dave Gisch	Member	Grimes
Matt Brown	Member	Johnston
Dean McGhee	Member	Mitchellville
Ed Kuhl	Member	Norwalk
Barb Malone	Member	Pleasant Hill
Rob Sarchet	Member	Polk City
Tom Hockensmith	Member	Polk County
Gerald Lane	Member	Runnells
John Mickelson	Member	West Des Moines
Threase Harms	Member	Windsor Heights
Planning Area Members		
Carmella Jones		Alleman
Drew Merrifield		Carlisle
James Buzzard		Hartford
Gary Bartels		Mingo
Chad Alleger		Prairie City
Don Towers		Sheldahl
Michael McCoy	Executive Director of Authority	
Rob Lang	Director of Finance	

DENMAN
& COMPANY, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Metro Waste Authority
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Metro Waste Authority (a joint public body) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metro Waste Authority as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Authority's proportionate share of the net pension liability, the schedule of Authority pension contributions and the notes to required supplementary information – pension liability on pages 6-9 and 32-36, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of the 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 the 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 the Authority's internal control over financial reporting and compliance.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 15, 2019

METRO WASTE AUTHORITY

Management's Discussion and Analysis

As management of Metro Waste Authority (MWA), we offer readers of MWA's financial statements this narrative overview and analysis of the financial performance for the fiscal year ended June 30, 2019 and 2018. We encourage readers to consider this information with Metro Waste Authority's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Metro Waste Authority continues to provide for the environmentally safe disposal of solid waste for the Central Iowa area and has exceeded its budgeted income the last four years. Here are some of the financial highlights from fiscal year 2019:

- In 2019, operating revenues remained consistent, showing a slight increase of .3%. Overall tonnage decreased .02% to 798,644 tons. Notable increases in tonnage include 3% in both commercial and construction and demolition waste.
- Nonoperating revenue increased in 2019 due to a 1,007% increase in investment income. Increase was offset by decreases in farm income and gain on the sale of capital assets.
- Capital assets increased by 6% in 2019. This was driven by costs incurred for landfill cell development and various site improvement projects at Metro Park East.
- Operating expenses increased 4% in FY 2019. Increase was driven by increases in Leachate processing and recycling program expenses.

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 MWA. The financial statements also include notes that explain in more detail some of the information in the financial statements. Additional supplemental information is also in schedule form and begins after the notes to financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about MWA 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 of MWA's assets and liabilities and provides information about types and amounts of investments in resources (assets) and the obligations to MWA's creditors (liabilities). It also provides the basis for evaluating MWA's liquidity, financial flexibility, and overall financial health of the agency.

All of the current year and 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 MWA'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 did cash come from, what was cash used for, and what was the change in the cash balance during the reporting periods.

ANALYSIS OF MWA FINANCIAL POSITION

Is MWA's financial position as a whole better off or worse off as a result of this year's activities? The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the net position of Metro Waste Authority and the changes in them. MWA'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 MWA's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government regulations.

NET POSITION

To begin our analysis, a summary of MWA's Statements of Net Position is presented in Table A-1

Table A-1
Condensed Statements of Net Position

	FY 18/19	FY 17/18	Change	% Change	FY 16/17
Current and Other Assets	$25,838,951	$24,788,143	$1,050,808	4.24%	$20,187,774
Restricted Assets	29,212,602	29,095,729	116,873	.40%	26,520,527
Capital Assets	62,831,126	59,309,016	3,522,110	5.94%	56,947,431
Total Assets	117,882,679	113,192,888	4,689,791	4.14%	103,655,732
Deferred outflows of resources	1,205,009	1,389,898	(184,889)	(13.30)%	1,286,998
Current Liabilities	6,941,414	7,049,713	(108,299)	(1.54)%	5,201,203
Long-term Debt Outstanding	8,385,180	8,956,325	(571,145)	(6.38)%	9,505,635
Closure and Postclosure Costs	17,292,564	17,148,866	143,698	0.84%	14,110,639
Net Pension Liability	4,513,275	4,715,438	(202,163)	(4.29)%	4,506,022
Total Liabilities	37,132,433	37,870,342	(737,909)	(1.95)%	33,323,499
Deferred inflows of resources	281,923	169,678	112,245	66.15%	118,876
Net Position:					
Net investment in Capital Assets	52,647,101	48,117,327	4,529,774	9.41%	46,454,956
Restricted for Transfer Station closure	320,000	320,000	–	0%	320,000
Unrestricted	28,706,231	28,105,439	600,792	2.14%	24,725,399
Total Net Position	$81,673,332	$76,542,766	$5,130,566	6.70%	$71,500,355

The table above shows that net position increased approximately $5.1 million in 2019 and $5 million in 2018. The increase in 2019 was due to an increase in investment income. Assets are cash and investments that have been designated by MWA's Board of Directors for closure and postclosure care costs and for the purchase of capital assets. Federal and State regulations require Metro Waste Authority to complete a closure/postclosure plan and to provide funding necessary for full closure and postclosure, including the proper monitoring and care of the landfill after closure. Investments totaling $17.3 and $17.1 million in 2019 and 2018 have been restricted for this purpose. For more detailed information, see note 7 of the financial statements.

Table A-2
Condensed Statements of Revenues,
Expenses, and Changes in Net Position

	FY 18/19	FY 17/18	Change	% Change	FY 16/17
Operating Revenues	$37,793,275	$37,672,758	$120,517	0.32%	$36,078,013
Investment Income	1,512,896	136,672	1,376,224	1,006.95%	3,634
Nonoperating Revenues	109,838	288,568	(178,730)	(61.94)%	421,057
Total Revenues	39,416,009	38,097,998	1,318,011	3.46%	36,502,704
Operating Expense	27,490,456	26,390,721	1,099,735	4.17%	24,186,686
Depreciation	6,399,912	6,246,702	153,210	2.45%	6,813,596
Nonoperating Expense	395,075	418,164	(23,089)	(5.52)%	576,681
Total Expenses	34,285,443	33,055,587	1,229,856	3.72%	31,576,963
Change in Net Position	5,130,566	5,042,411			4,925,741
Beginning Net Position	76,542,766	71,500,355			66,574,614
Ending Net Position	$81,673,332	$76,542,766			$71,500,355

While the Statements of Net Position show the change in net position, the Statements of Revenues, Expenses, and Changes in Net Position provide answers as to the nature and source of these changes. Table A-2 total revenues increased 3.46% while total expenses increased 3.72%. The increase in operating revenues is driven by increased commercial and construction and demolition tonnage. The increase in investment income is driven by a change in the authority's investment manager as well as favorable rates. Decrease in nonoperating revenues is driven by decreases in farm income and gain on the sale of capital assets. Increase in operating expense is driven by an increase in leachate processing and recycling program expense.

CAPITAL ASSETS

	FY 18/19	FY 17/18	Change	% Change	FY 16/17
Land & Land Improvements	$22,694,276	$22,669,889	$ 24,387	0.11%	$22,667,209
Buildings & Building Improvements	41,455,436	38,695,975	2,759,461	7.13%	34,956,494
Landfill Cell Development	28,499,328	23,843,245	4,656,083	19.53%	23,843,245
Wetlands Treatment Facility	4,408,832	4,408,832	–	0.00%	4,408,832
Equipment	37,880,130	35,103,172	2,776,958	7.91%	33,520,687
Work in Process	2,906,413	3,267,583	(361,170)	(11.05)%	644,410
Sub-total	137,844,415	127,988,696	9,855,719	7.70%	120,040,877
Less: Accumulated depreciation	75,013,289	68,679,680	6,333,609	9.22%	63,093,446
Net Capital Assets	$62,831,126	$59,309,016	$3,522,110	5.94%	$56,947,431

The increase in capital assets in 2019 was due to the costs incurred for landfill cell developments and multiple site improvements at Metro Park East.

DEBT ADMINISTRATION

On June 25, 2014, Metro Waste Authority entered into a loan agreement with a bank for $10.0 million with an interest rate of 4.28%. Interest and principal is due monthly each year through June 1, 2024. The proceeds from this loan were used to build the Metro Northwest Transfer Station located in Grimes, Iowa.

On April 20, 2009, Metro Waste Authority entered into a Real Estate Contract for $2.3 million to purchase the North Dallas Landfill, at Perry, Iowa. Interest at the rate of 3.52% and principal is due annually each year through April 20, 2023.

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to present users with a general overview of Metro Waste Authority's finances and to demonstrate the Authority'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	
	2019	**2018**
CURRENT ASSETS		
Cash and cash equivalents	$ 5,420,107	$ 3,284,844
Investments	16,933,696	18,035,739
Disposal fees receivable, less allowance for uncollectible accounts 2019 and 2018 $100,000	2,735,363	2,756,697
Prepaid expenses, accrued interest and other assets	511,352	500,685
Inventories	238,433	210,178
Total current assets	25,838,951	24,788,143
ASSETS WHOSE USE IS LIMITED		
Investments	29,212,602	29,095,729
CAPITAL ASSETS	137,844,415	127,988,696
Less accumulated depreciation and amortization	75,013,289	68,679,680
Total capital assets	62,831,126	59,309,016
Total assets	117,882,679	113,192,888
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	1,205,009	1,389,898
CURRENT LIABILITIES		
Current portion of notes payable	571,145	549,310
Construction contracts payable	1,227,700	1,686,054
Trade accounts payable	2,530,553	2,346,769
Disposal fee rebates payable	257,272	252,033
Landfill tax payable	680,320	372,461
Accrued payroll and employee benefits	1,396,574	1,534,339
Other accrued expenses	277,850	308,747
Total current liabilities	6,941,414	7,049,713
LONG-TERM LIABILITIES		
Notes payable, less current portion	8,385,180	8,956,325
Accrued landfill closure and postclosure care costs	17,292,564	17,148,866
Net pension liability	4,513,275	4,715,438
Total long-term liabilities	30,191,019	30,820,629
Total liabilities	37,132,433	37,870,342
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	281,923	169,678
NET POSITION		
Net investment in capital assets	52,647,101	48,117,327
Restricted for transfer station closure	320,000	320,000
Unrestricted	28,706,231	28,105,439
Total net position	$ 81,673,332	$ 76,542,766

See Notes to Financial Statements.

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

	Year ended June 30	
	2019	**2018**
REVENUES		
Landfill, transfer, compost, RCC, curbside recycling, and rental	$37,793,275	$37,672,758
OPERATING EXPENSES		
Operating expenses (excluding depreciation and amortization)	24,387,973	23,165,492
Provision for landfill closure and postclosure care costs	3,102,483	3,225,229
Operating income before depreciation and amortization	10,302,819	11,282,037
DEPRECIATION AND AMORTIZATION		
Depreciation	5,442,460	5,164,811
Amortization	957,452	1,081,891
	6,399,912	6,246,702
Operating income	3,902,907	5,035,335
NONOPERATING REVENUES (EXPENSES)		
Farm income, net related expenses	44,876	91,946
Investment income	1,512,896	136,672
Gain on sale of capital assets	2,456	126,099
Interest expense	(395,075)	(418,164)
Other	62,506	70,523
Total nonoperating revenues (expenses)	1,227,659	7,076
Change in net position	5,130,566	5,042,411
NET POSITION, beginning of year	76,542,766	71,500,355
NET POSITION, end of year	$81,673,332	$76,542,766

See Notes to Financial Statements.

Metro Waste Authority
STATEMENTS OF CASH FLOWS

	Year ended June 30	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$37,814,609	$37,529,031
Cash paid to suppliers for goods and services	(18,072,054)	(16,369,729)
Cash paid to employees for services	(5,385,889)	(5,449,821)
Cash paid for host fees	(382,952)	(409,069)
Community clean up grants paid	(47,027)	(8,109)
Net cash flows from operating activities	13,926,687	15,292,303
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on notes payable	(549,310)	(986,840)
Interest paid on notes payable	(397,602)	(422,822)
Purchase of capital assets	(10,495,568)	(7,017,989)
Cash received on sale of capital assets	2,456	23,798
Payments for landfill cell closure	(2,958,785)	(187,002)
Net cash flow from capital and related financing activities	(14,398,809)	(8,590,855)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	2,500,000	–
Purchases of investments	–	(6,000,000)
Interest received	–	234
Net cash received from farming and other activities	107,385	162,469
Net cash flow from investing activities	2,607,385	(5,837,297)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,135,263	864,151
CASH AND CASH EQUIVALENTS		
Beginning	3,284,844	2,420,693
Ending	$ 5,420,107	$ 3,284,844

See Notes to Financial Statements.

Metro Waste Authority
STATEMENTS OF CASH FLOWS (continued)

	Year ended June 30	
	2019	**2018**
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	$ 3,902,907	$ 5,035,335
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation and amortization	6,399,912	6,246,702
Provision for closure and postclosure care costs	3,102,483	3,225,229
Changes in assets and liabilities		
Disposal fees receivable	21,334	(143,727)
Prepaid expenses and other assets, net of investing activities	(12,604)	14,911
Inventories	(28,255)	(46,166)
Deferred outflows	184,889	(102,900)
Payables, net of amounts for capital assets	612,074	825,361
Accrued payroll and employee benefits	(166,135)	(22,660)
Net pension liability	(202,163)	209,416
Deferred inflows	112,245	50,802
Net cash flows from operating activities	$13,926,687	$15,292,303

See Notes to Financial Statements.

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Metro Waste Authority (the Authority) 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 Authority is to provide for the economic disposal, or collection and disposal, of all solid waste produced or generated within the metropolitan area. Currently, this purpose is being met by operating sanitary landfills, transfer station, regional collection center and compost facility, as well as managing volume reduction and recycling programs. The Authority also provides disposal services to private contractors.

The Authority 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 Authority has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The Authority 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 Authority are such that exclusion would cause the Authority'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 Authority 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 Authority. The Authority has no component units which meet the Governmental Accounting Standards Board criteria.

Measurement Focus and Basis of Accounting

The accounting policies of the Authority 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 Authority has no governmental or fiduciary funds.

The Authority'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 Authority 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 Authority’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 Authority’s policy is generally to first apply the expense toward restricted resources and then to less-restrictive classifications.

Accounting Standards

The Authority has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

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

Disposal Fees Receivable

Disposal fees are recorded at the time of service. The Authority provides for an allowance for doubtful accounts that is estimated based on the Authority's historical losses, the existing economic conditions and the financial stability of the customers. The amount of the allowance for doubtful accounts as of June 30, 2019 and 2018 was $100,000. Receivables are written off when they are determined to be uncollectible.

Inventories

Inventories, which consist of 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
Wetlands treatment facility	10 to 30 years
Buildings	10 to 40 years
Building improvements	10 years
Automobiles and trucks	3 to 10 years
Equipment	5 to 10 years

To match the expense related to landfill cell development with the revenue generated by the landfill operations, the Authority 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.

Disposal Fee Rebates Payable

The Authority has entered into waste delivery contracts with certain haulers which provide that eligible haulers will be rebated specified rates per ton for waste delivered directly to the landfill, after delivering a specified minimum volume in a year. Disposal fee rebates payable represent amounts due to eligible haulers under these contracts.

Landfill Tax Payable

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Authority 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 cost of vacation and sick leave accumulations are recorded as liabilities and expenses. The compensated absences liability, included in accrued payroll and employee benefits, has been computed based on rates of pay in effect at June 30, 2019 and 2018, respectively.

Landfill Closure and Postclosure Care Costs

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

Investments and Investment Income

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

Type	Method
Interest-earning investment contracts	
Nonnegotiable certificates of deposit	Cost
Debt securities	
U.S. Government Agency securities	
Maturity of one year or less when purchased	Amortized cost
Maturity of more than one year when purchased	Fair value based on quoted market prices

The nonnegotiable certificates of deposit and U.S. Treasury 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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Authority's pension plan.

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. The Authority currently has reported restricted net position related to transfer station closure investments. Amounts related to an escrow agreement and amounts restricted for closure and postclosure care costs are reported net of the liabilities accrued related to these costs.

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 Authority's deposits in banks at June 30, 2019 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 Authority 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 Authority's investment policy limits the amount that may be invested in one issuer (excluding U.S. Government obligations) to 25% of the portfolio.

NOTE 2 CASH AND INVESTMENTS (continued)

Security Description	Investment Maturities as of June 30, 2019 (in Years) Fair Value	Less Than 1	1 – 5	More Than 5
Cash equivalents	$13,755,798	$13,755,798	$ –	$ –
Federal Farm Credit Bank	8,887,713	3,500,000	5,387,713	–
FMCC	8,470,640	2,070,299	5,400,341	–
FHLB	7,641,368	499,350	7,142,018	–
FNMA	5,227,092	398,480	4,775,412	53,200
Certificates of deposit	2,163,687	947,479	1,216,208	–
	$46,146,298	$21,171,406	$24,921,692	$ 53,200

Security Description	Investment Maturities as of June 30, 2018 (in Years) Fair Value	Less Than 1	1 – 5	More Than 5
Money market funds	$ 6,862,376	$ 6,862,376	$ –	$ –
Federal Farm Credit Bank	8,815,425	497,665	8,317,760	–
Federal Home Loan Mortgage Corporation	9,582,590	–	9,582,590	–
Federal Home Loan Banks	13,601,164	2,993,880	10,607,284	–
Federal National Mortgage Association	5,539,300	–	5,476,784	62,516
Certificates of deposit	2,730,613	1,038,517	1,692,096	–
	$47,131,468	$11,392,438	$35,676,514	$ 62,516

The Authority 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 Authority’s investments were determined using the quoted prices in active markets. (Level 1 inputs).

Credit Risk. The Authority's investment policy does not limit its investment portfolio based upon credit quality of the issuer. At June 30, 2019, all of the Authority's investments subject to credit quality ratings were rated AAA by Moody's Investor Service.

Interest Rate Risk. The Authority'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 Authority.

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 3 ASSETS WHOSE USE IS LIMITED

Assets whose use is limited at June 30, 2019 and 2018 were limited for the following purposes:

	June 30	
	2019	**2018**
Legally restricted assets whose use is limited		
For closure and postclosure care costs	$17,292,564	$17,148,866
For transfer station closure	320,000	320,000
Under escrow agreement	680,320	372,461
Total - legally restricted	18,292,884	17,841,327
Board designated assets whose use is limited		
For capital projects	10,319,718	10,654,402
For environmental contingencies	600,000	600,000
Total - board designated	10,919,718	11,254,402
Total assets whose use is limited	$29,212,602	$29,095,729

Assets designated by the Board of Directors for capital projects, environmental contingencies, and debt repayment 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, 2019, capital asset additions and disposals by type were as follows:

	Balance July 1, 2018	Additions	Disposals	Transfers	Balance June 30, 2019
Metro Park East					
Land	$ 8,324,595	$ –	$ –	$ –	$ 8,324,595
Building	12,911,761	1,455,897	–	114,522	14,482,180
Landfill improvements	2,476,970	–	–	–	2,476,970
Landfill cell development	20,470,712	–	–	4,656,083	25,126,795
Wetlands treatment facility	4,408,832	–	–	–	4,408,832
	48,592,870	1,455,897	–	4,770,605	54,819,372
Metro Park West					
Land	4,651,249	–	–	–	4,651,249
Land improvements	440,357	–	–	–	440,357
Building	264,114	–	–	–	264,114
Landfill cell development	3,372,533	–	–	–	3,372,533
	8,728,253	–	–	–	8,728,253
Metro Northwest Transfer Station					
Land	1,899,162	–	–	–	1,899,162
Building	9,440,979	2,485	–	–	9,443,464
Land improvements	3,928,184	–	–	–	3,928,184
	15,268,325	2,485	–	–	15,270,810
Transfer Station					
Land	89,221	–	–	–	89,221
Land improvements	193,255	24,387	–	–	217,642
Building	3,967,288	11,300	–	1,067,476	5,036,064
	4,249,764	35,687	–	1,057,476	5,342,927
Metro Compost Center					
Leasehold improvements	1,507,780	–	–	–	1,507,780
Regional Collection Center					
Land	168,896	–		–	168,896
Building	3,020,807	36,036	–	–	3,056,843
	3,189,703	36,036	–	–	3,225,739
300 East Locust					
Land	498,000	–	–	–	498,000
Building	7,583,246	33,947	–	47,798	7,664,991
	8,081,246	33,947	–	47,798	8,162,991
Automobiles, trucks and other equipment					
Office equipment - Central Office and Landfills	1,290,608	260,931	–	–	1,551,539
Disposal	20,927,826	1,252,381	(66,303)	524,708	22,638,612
Transfer Station	4,548,232	340,508	–	–	4,888,740
Regional Collection Center	603,346	72,759	–	4,168	680,273
Recycling	4,384,886	–	–	–	4,384,886
Compost Facility	2,307,410	333,139	–	–	2,640,549
Metro Northwest Transfer Station	1,040,864	54,667	–	–	1,095,531
	35,103,172	2,314,385	(66,303)	528,876	37,880,130
Construction in progress	3,267,583	6,043,585	–	(6,404,755)	2,906,413
Totals	127,988,696	9,922,022	(66,303)	–	137,844,415
Less accumulated depreciation and amortization	(68,679,680)	(6,399,912)	66,303	–	(75,013,289)
Net capital assets	$ 59,309,016	$ 3,522,110	$ –	$ –	$ 62,831,126

NOTE 4 CAPITAL ASSETS (continued)

During the year ended June 30, 2018, capital asset additions and disposals by type were as follows:

	Balance July 1, 2017	Additions	Disposals	Transfers	Balance June 30, 2018
Metro Park East					
Land	$ 8,324,595	$ –	$ –	$ –	$ 8,324,595
Building	9,183,780	253,112	–	3,474,869	12,911,761
Landfill improvements	2,476,970	–	–	–	2,476,970
Landfill cell development	20,470,712	–	–	–	20,470,712
Wetlands treatment facility	4,408,832	–	–	–	4,408,832
	44,864,889	253,112	–	3,474,869	48,592,870
Metro Park West					
Land	4,651,249	–	–	–	4,651,249
Land improvements	440,357	–	–	–	440,357
Building	264,114	–	–	–	264,114
Landfill cell development	3,372,533	–	–	–	3,372,533
	8,728,253	–	–	–	8,728,253
Metro Northwest Transfer Station					
Land	1,899,162	–	–	–	1,899,162
Building	9,440,979	–	–	–	9,440,979
Land improvements	3,925,504	2,680	–	–	3,928,184
	15,265,645	2,680	–	–	15,268,325
Transfer Station					
Land	89,221	–	–	–	89,221
Land improvements	193,255	–	–	–	193,255
Building	3,967,288	–	–	–	3,967,288
	4,249,764	–	–	–	4,249,764
Metro Compost Center					
Leasehold improvements	1,507,780	–	–	–	1,507,780
Regional Collection Center					
Land	168,896	–	–	–	168,896
Building	3,020,807	–	–	–	3,020,807
	3,189,703	–	–	–	3,189,703
300 East Locust					
Land	498,000	–	–	–	498,000
Building	7,571,746	11,500	–	–	7,583,246
	8,069,746	11,500	–	–	8,081,246
Automobiles, trucks and other equipment					
Office equipment - Central Office and Landfills	1,207,635	65,090	–	17,883	1,290,608
Disposal	20,124,850	1,228,639	(425,663)	–	20,927,826
Transfer Station	4,316,315	379,658	(147,741)	–	4,548,232
Regional Collection Center	513,183	90,163	–	–	603,346
Recycling	4,340,561	44,325	–	–	4,384,886
Compost Facility	2,045,742	329,193	(67,525)	–	2,307,410
Metro Northwest Transfer Station	972,401	68,463	–	–	1,040,864
	33,520,687	2,205,531	(640,929)	17,883	35,103,172
Construction in progress	644,410	6,115,925	–	(3,492,752)	3,267,583
Totals	120,040,877	8,588,748	(640,929)	–	127,988,696
Less accumulated depreciation and amortization	(63,093,446)	(6,246,702)	660,468	–	(68,679,680)
Net capital assets	$ 56,947,431	$2,342,046	$ 19,539	$ –	$ 59,309,016

NOTE 4 CAPITAL ASSETS (continued)

Land with a carrying value of approximately $9,415,000 was not used in the landfill operations as of June 30, 2019 and 2018. Of this amount, approximately $7,500,000 was leased or farmed as farmland as of June 30, 2019 and 2018.

The Authority has entered into various construction contracts totaling approximately $7,105,000. The unpaid contract balances as of June 30, 2019 totaled approximately $4,605,000 which will be paid from cash and investment reserves and other sources.

NOTE 5 NOTES PAYABLE

Notes payable at June 30, 2019 and 2018 are summarized as follows:

	2019	2018
Taxable Revenue Note, Series 2014	$8,222,058	$8,603,136
Note payable	734,267	902,499
	8,956,325	9,505,635
Less current portion	571,145	549,310
Long-term debt	$8,385,180	$8,956,325

Taxable Revenue Note, Series 2014

A Taxable Revenue Note, Series 2014 was issued to a bank on June 25, 2014, for the purpose of building the Grimes Solid Waste Transfer Station. The note requires monthly principal and interest payments which commenced on July 1, 2014 of $62,243 through June 1, 2024, when all unpaid principal and interest are due. The note has a fixed interest rate of 4.28%. The note is secured by future net revenues of the Authority. The agreement contains certain covenants. The Authority was in compliance with all covenants at June 30, 2019. For the current year, $364,475 in interest was expensed on the note.

Note payable

The Authority purchased the North Dallas Landfill in April 2009. The note is payable in annual installments of $200,000 from April 2014 through 2023. Installment payments include principal and interest at 3.52%. For the current year, $30,600 in interest was expensed on the note.

Principal and interest maturities of the notes payable at June 30, 2019 are summarized as follows:

Year ending June 30	Principal	Interest	Total
2020	$ 571,145	$ 375,767	$ 946,912
2021	595,806	351,106	946,912
2022	620,546	326,366	946,912
2023	646,323	300,589	946,912
2024	6,522,505	274,474	6,796,979
Totals	$8,956,325	$1,628,302	$10,584,627

NOTE 5 NOTES PAYABLE (continued)

A summary of changes in notes payable for the year ended June 30, 2019 follows:

	Beginning balance	Additions	Principal payments	Ending balance	Amounts due within one year
Taxable Revenue Note, Series 2014	$8,603,136	$ –	$ 381,078	$8,222,058	$ 396,991
Note payable	902,499	–	168,232	734,267	174,154
Totals	$9,505,635	$ –	$ 549,310	$8,956,325	$ 571,145

A summary of changes in notes payable for the year ended June 30, 2018 follows:

	Beginning balance	Additions	Principal payments	Ending balance	Amounts due within one year
Solid Waste note payable	$ 459,405	$ –	$ 459,405	$ –	$ –
Taxable Revenue Note, Series 2014	8,968,059	–	364,923	8,603,136	381,078
Note payable	1,065,011	–	162,512	902,499	168,232
Totals	$10,492,475	$ –	$ 986,840	$9,505,635	$ 549,310

NOTE 6 OPERATING LEASES

The Authority leases office space in its administrative building at 300 East Locust to various tenants under operating leases. At June 30, 2019, approximate future minimum lease payments receivable from noncancelable operating leases are as follows:

Year ending June 30	
2020	$ 423,799
2021	213,731
2022	35,525
	$ 673,055

NOTE 7 CLOSURE AND POSTCLOSURE CARE COSTS

To comply with federal and state regulations, the Authority is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure 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 postclosure 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.

NOTE 7 CLOSURE AND POSTCLOSURE CARE COSTS (continued)

The Authority is required to estimate total landfill closure and postclosure 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 postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure 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.

The Authority's estimated closure and postclosure care liabilities are as follows as of June 30, 2019 and 2018:

	June 30	
	2019	**2018**
Postclosure care	$ 9,273,292	$ 8,306,699
Landfill closure	8,019,272	8,842,167
Totals	$17,292,564	$17,148,866

The provision for landfill closure and postclosure care costs recognized for the years ended June 30, 2019 and 2018 is as follows:

	Year ended June 30	
	2019	**2018**
Provision for postclosure care	$1,091,628	$1,695,373
Provision for landfill closure	2,010,855	1,529,856
Totals	$3,102,483	$3,225,229

The total closure and postclosure care costs for Metro Waste Authority have been estimated at approximately $21,562,190 as of June 30, 2019, and the portion of the liability that has been recognized is $17,292,564. This liability represents the cumulative amount reported to date based on the use of approximately 78 percent of the capacity of the developed landfill less payments for cell closure, with a remaining life of approximately 2.80 years. A provision for the above liability has been made on the Authority's statements of net position as of June 30, 2019 and 2018. The Authority has accumulated resources to fund these costs. They are included in assets whose use is limited on the statements of net position and total $17,292,564 and $17,148,866 as of June 30, 2019 and 2018, respectively.

NOTE 8 TRANSFER STATION CLOSURE CARE

To comply with state regulations, the Authority is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, 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.

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

The total closure care costs for the Authority as of June 30, 2019 and 2018 have been estimated at $320,000. The balance has been restricted and is fully funded at June 30, 2019 and 2018.

NOTE 9 SOLID WASTE TONNAGE FEES RETAINED

The Authority has established an account for restricting and using solid waste tonnage fees retained by the Authority in accordance with Chapter 455B.310 of the Code of Iowa. As of June 30, 2019 and 2018, there were no unspent amounts retained by the Authority.

NOTE 10 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 Authority, 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.

NOTE 10 PENSION PLAN (continued)

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.

In fiscal year 2019, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the Authority contributed 9.44% for a total rate of 15.73%. In fiscal year 2018, pursuant to the required rate, regular members contributed 5.95% of covered payroll and the Authority contributed 8.93% for a total rate of 14.88%.

The Authority's contributions to IPERS for the years ended June 30, 2019 and 2018 were $504,216 and $479,598, respectively.

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

At June 30, 2019 and 2018, the Authority reported a liability of $4,513,275 and $4,715,438, respectively, for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net pension liability was based on the Authority'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 Authority's proportionate share:

	Measurement Date June 30		
	2018	**2017**	**Change**
Authority's proportionate share	0.071320%	0.070789%	0.000531%

	Measurement Date June 30		
	2017	**2016**	**Change**
Authority's proportionate share	0.070789%	0.071600%	0.000811%

NOTE 10 PENSION PLAN (continued)

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

For the years ended June 30, 2019 and 2018, the Authority recognized pension expense of $599,187 and $637,660, respectively. At June 30, 2019 and 2018, the Authority 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	
	2019	2018	2019	2018
Difference between expected and actual experience	$ 24,745	$ 43,292	$ 102,007	$ 40,856
Change in assumptions	643,847	819,326	–	–
Net difference between projected and actual earnings on pension plan investments	–	–	124,010	49,251
Change in proportion and difference between Authority contributions and proportionate share of contributions	32,201	47,682	55,906	79,571
Authority contributions subsequent to the measurement date	504,216	479,598	–	–
Totals	$1,205,009	$1,389,898	$ 281,923	$ 169,678

$504,216 and $479,598 reported as deferred outflows of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2020 and 2019, 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,	
2020	$ 294,919
2021	160,832
2022	(33,370)
2023	(828)
2024	(2,683)
Totals	$ 418,870

There were no non-employer contributing entities at IPERS.

NOTE 10 PENSION PLAN (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2018 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, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	27.0%	1.97%
Domestic Equity	22.0	6.01
International Equity	15.0	6.48
Private Equity	11.0	10.81
Private Real Assets	7.5	4.14
Public Real Assets	7.0	2.91
Public Credit	3.5	3.93
Private Credit	3.0	3.11
Global Smart Beta equity	3.0	6.23
Cash	1.0	(0.25)
Total	100%	

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 Authority 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 of 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.

NOTE 10 PENSION PLAN (continued)

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

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability as of June 30, 2019	$7,659,936	$4,513,275	$1,873,676
Authority's proportionate share of the net pension liability as of June 30, 2018	$7,769,131	$4,715,438	$2,149,733

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, 2019 and 2018, the Authority reported payables to the defined benefit pension plan of approximately $60,000, for legally required employer contributions and approximately $40,000, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS for both of the years.

NOTE 11 RISK MANAGEMENT

The Authority 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 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 Authority assumes liability for any deductibles and claims in excess of coverage limitations.

The Authority 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 778 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: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rates.

NOTE 11 RISK MANAGEMENT (continued)

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 Authority's contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The Authority's contributions to the Pool for the years ended June 30, 2019 and 2018 were $232,051 and $223,542, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, 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 Authority's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Authority'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 Authority'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.

The Authority 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, 2019 and 2018, no liability has been recorded in the Authority's financial statements. As of June 30, 2019 and 2018, 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 12 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

The Authority has implemented Governmental Accounting Standards Board, GASB, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In addition to the pension benefits described in Note 10, the Authority provides postemployment healthcare benefits to eligible employees who retire from the Authority. There are 57 employees participating in the Authority's health insurance plan as of June 30, 2019. For early retirees between 62-65 years old, the Authority pays the insurance premiums based on the rate of coverage at the time of the retirement for the service months they had earned as of 2001. Payments under these benefits totaled $4,254 for 2019 and $15,952 for 2018.

NOTE 13 CONTINGENCIES

The Authority 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 Authority'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 Authority cannot be foreseen at the present time.

NOTE 14 CONCENTRATION OF CREDIT RISK

At June 30, 2019, receivables from three customers totaled approximately $940,000, or 34% of total net receivables.

REQUIRED SUPPLEMENTARY INFORMATION

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

	June 30				
	2019	**2018**	**2017**	**2016**	**2015**
Authority's proportion of the net pension liability	.071320%	.070789%	.071600%	.071212%	.074213%
Authority's proportionate share of the net pension liability	$4,513	$4,715	$4,506	$3,518	$2,943
Authority's covered payroll	$5,341	$5,384	$5,383	$5,248	$4,928
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	84%	88%	84%	67%	60%
IPERS' net position as a percentage of the total pension liability	83%	82%	81%	85%	88%

*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.

See accompanying notes to required supplementary information - pension liability.

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

	Year ended June 30			
	2019	**2018**	**2017**	**2016**
Statutorily required contribution	$ 504	$ 480	$ 473	$ 463
Contributions in relation to the statutorily required contribution	504	480	473	463
Contribution deficiency (excess)	$ –	$ –	$ –	$ –
Authority's covered payroll	$5,341	$5,384	$5,383	$5,248
Contributions as a percentage of covered payroll	9.4%	8.9%	8.8%	8.8%

See accompanying notes to required supplementary information - pension liability.

Year ended June 30					
2015	2014	2013	2012	2011	2010
$ 439	$ 434	$ 404	$ 363	$ 295	$ 266
439	434	404	363	295	266
–	$ –	$ –	$ –	$ –	$ –
$4,928	$4,884	$4,635	$4,497	$4,250	$4,028
8.9%	8.9%	8.7%	8.1%	6.9%	6.6%

Metro Waste Authority
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year ended June 30, 2019

CHANGES OF BENEFIT TERMS

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

CHANGES OF ASSUMPTIONS

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%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the Unfunded Actuarial Liability (UAL) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

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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, 2019 and 2018, and our report thereon dated November 15, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 4 and 5. Our audits were conducted 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. 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. We previously audited the years ended June 30, 2009 through 2017, and expressed unmodified opinions on those financial statements.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 15, 2019

Metro Waste Authority
COMBINING STATEMENT OF REVENUES AND EXPENSES, BY DEPARTMENT
Year ended June 30, 2019

	Combined	Metro Park East Landfill
REVENUES		
Tipping fees, service fees and rental revenue	$37,793,275	$15,282,308
EXPENSES		
Operating expenses (excluding depreciation and amortization)	24,387,973	6,462,429
Provision for landfill closure and postclosure care costs	3,102,483	2,821,488
Total operating expenses	27,490,456	9,283,917
Operating income (loss) before depreciation and amortization	10,302,819	5,998,391
DEPRECIATION AND AMORTIZATION		
Depreciation	5,442,460	2,586,063
Amortization	957,452	861,087
	6,399,912	3,447,150
Operating income (loss)	3,902,907	2,551,241
NONOPERATING REVENUES (EXPENSES)		
Farm income, net of related expenses	44,876	42,212
Investment income	1,512,896	–
Gain on sale of capital assets	2,456	–
Interest expense	(395,075)	–
Other	62,506	3,141
Total nonoperating revenues (expenses)	1,227,659	45,353
Increase (decrease) in net position	$ 5,130,566	$ 2,596,594

*Included in administration is activity of the central office, grant programs, engineering studies, and other miscellaneous Authority activity.

Metro Park West Landfill	Metro Transfer Station	Metro Compost Center	Regional Collection Center	Recycling	Rental-300 East Locust	Administration *
$ 1,357,525	$ 9,938,201	$ 2,791,536	$ 768,458	$ 3,592,736	$ 687,560	$ 3,374,951
663,003	2,857,491	2,531,066	1,018,033	4,567,657	512,505	5,775,789
280,995	–	–	–	–	–	–
943,998	2,857,491	2,531,066	1,018,033	4,567,657	512,505	5,775,789
413,527	7,080,710	260,470	(249,575)	(974,921)	175,055	(2,400,838)
229,901	1,567,370	176,847	178,393	444,926	193,719	65,241
96,365	–	–	–	–	–	–
326,266	1,567,370	176,847	178,393	444,926	193,719	65,241
87,261	5,513,340	83,623	(427,968)	(1,419,847)	(18,664)	(2,466,079)
2,664	–	–	–	–	–	–
–	–	–	–	–	–	1,512,896
–	–	–	–	–	–	2,456
(30,600)	(364,475)	–	–	–	–	–
407	–	–	89	–	–	58,869
(27,529)	(364,475)	–	89	–	–	1,574,221
$ 59,732	$ 5,148,865	$ 83,623	$ (427,879)	$ (1,419,847)	$ (18,664)	$ (891,858)

Metro Waste Authority
COMBINING SUMMARY OF OPERATING EXPENSES, EXCLUDING DEPRECIATION AND AMORTIZATION, BY DEPARTMENT
Year ended June 30, 2019

	Combined	Metro Park East Landfill
Salaries	$ 5,219,754	$ 1,942,450
Payroll taxes	415,296	161,480
Benefits	1,570,214	598,531
Site maintenance	761,374	403,262
Recycling programs	7,152,236	–
Vehicle repairs and maintenance	1,267,068	477,471
Vehicle fuel	1,037,947	607,928
Computer maintenance	186,373	34,571
Minor equipment	94,386	70,065
Professional services	555,063	–
Engineering services	277,444	216,594
Graphics design/contract printing	25,048	3,007
Contract disposal	538,507	242,921
Property taxes and host fees	352,562	132,536
Telephone and utilities	334,905	121,882
Building and office supplies	342,965	141,359
Advertising	289,651	23,042
Travel	55,177	5,858
Postage	17,218	722
Credit card discount	332,798	332,798
Miscellaneous	92,941	8,889
Insurance	231,001	77,288
Leachate processing	979,899	857,191
Machinery and equipment rental	9,395	2,584
Office and facilities rent	212,800	–
Yard waste collection and bags	1,985,924	–
Community cleanup grants	47,027	–
Total operating expenses, excluding depreciation and amortization	$24,387,973	$ 6,462,429

*Included in administration is activity of the central office, grant programs, engineering studies, and all other miscellaneous Authority activity.

Metro Park West Landfill	Metro Transfer Station	Metro Compost Center	Regional Collection Center	Recycling	Rental- 300 East Locust	Administration *
$ 256,828	$ 1,232,848	$ 212,739	$ 441,858	$ 258,833	$ –	$ 874,198
22,936	99,417	16,266	32,830	20,089	–	62,278
79,309	334,610	66,029	140,388	80,524	–	270,823
22,604	77,585	6,923	22,567	27,399	201,034	–
–	–	–	–	3,751,541	–	3,400,695
9,499	508,996	53,861	10,476	206,765	–	–
40,331	347,604	32,570	8,270	–	–	1,244
10	4,509	372	1,670	–	–	145,241
6,321	6,212	1,010	6,847	2,828	–	1,103
–	–	–	–	5,900	–	549,163
46,205	13,465	1,180	–	–	–	–
73	–	3,691	280	8,310	–	9,687
–	–	–	192,031	102,730	825	–
–	41,308	–	17,019	–	161,699	–
21,578	69,049	2,996	39,199	–	61,651	18,550
13,972	69,846	749	28,542	1,561	53,671	33,265
1,015	1,987	81,743	46,274	85,537	–	50,053
2,137	–	–	905	1,583	–	44,694
–	–	–	44	2,164	–	14,288
–	–	–	–	–	–	–
208	12,204	1,649	1,347	549	6,431	61,664
16,696	36,309	16,976	26,178	11,344	27,194	19,016
122,708	–	–	–	–	–	–
573	1,542	3,388	1,308	–	–	–
–	–	40,000	–	–	–	172,800
–	–	1,988,924	–	–	–	–
–	–	–	–	–	–	47,027
$ 663,003	$ 2,857,491	$ 2,531,066	$ 1,018,033	$ 4,567,657	$ 512,505	$ 5,775,789

Metro Waste Authority
SUMMARY OF HISTORICAL OPERATING INFORMATION

	2019	2018	2017	Year ended 2016*
REVENUES	$37,793,275	$37,672,758	$36,078,013	$34,651,660
EXPENSES				
Operating expenses (excluding depreciation and amortization)	24,387,973	23,165,492	22,694,201	22,663,100
Provision for landfill closure and postclosure care costs	3,102,483	3,225,229	1,492,485	(1,640,601)
Operating income before depreciation and amortization	10,302,819	11,282,037	11,891,327	13,629,161
DEPRECIATION AND AMORTIZATION				
Depreciation	5,442,460	5,164,811	4,909,781	4,231,989
Amortization	957,452	1,081,891	1,903,815	1,383,954
	6,399,912	6,246,702	6,813,596	5,615,943
Operating income	3,902,907	5,035,335	5,077,731	8,013,218
NONOPERATING REVENUES (EXPENSES)				
Farm income (loss), net of related expenses	44,876	91,946	213,447	101,745
Investment income (loss)	1,512,896	136,672	3,634	717,082
Gain (loss) on sale of capital assets	2,456	126,099	(123,018)	–
Interest expense	(395,075)	(418,164)	(453,663)	(493,018)
Other	62,506	70,523	207,610	4,333
Total nonoperating revenues (expenses)	1,227,659	7,076	(151,990)	330,142
Increase in net position	$ 5,130,566	$ 5,042,411	$ 4,925,741	$ 8,343,360
Percent increase (decrease) from prior period				
Revenues	0.32%	4.42%	4.12%	4.69%
Operating expenses excluding depreciation and amortization	5.28%	2.08%	0.14%	7.96%
Provision for depreciation and amortization	2.45%	(8.32)%	21.33%	2.05%
Tonnage delivered to landfill (unaudited)	741,382	750,706	710,050	685,898
Compost tonnage (unaudited)	34,783	35,128	35,479	47,221

* During 2016, the Authority 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.

June 30						
2015	2014	2013	2012	2011	2010	2009
$33,097,552	$30,622,815	$26,865,810	$26,118,067	$24,709,213	$22,476,221	$22,334,440
20,991,551	21,069,975	19,084,041	17,871,941	16,227,319	15,489,209	15,715,024
1,300,385	1,548,092	1,543,947	1,351,195	1,768,088	1,407,606	1,266,388
10,805,616	8,004,748	6,237,822	6,894,931	6,713,806	5,579,406	5,353,028
4,176,241	3,877,283	3,513,636	3,877,884	3,445,727	3,298,212	2,659,138
1,326,790	1,862,711	1,794,940	1,873,668	1,880,017	2,188,400	2,388,956
5,503,031	5,739,994	5,308,576	5,751,552	5,325,744	5,486,612	5,048,094
5,302,585	2,264,754	929,246	1,143,379	1,388,062	92,794	304,934
68,180	21,439	102,095	184,253	50,372	107,322	(64,124)
565,037	474,451	(344,085)	416,862	325,172	655,857	800,914
267,062	(238,539)	8,640	30,509	8,312	4,170	–
(534,252	(144,913)	(161,084)	(196,526)	(227,012	(254,632)	(119,877)
9,856	7,519	26,079	21,669	108,359	56,740	45,935
375,883	119,957	(368,355)	456,767	265,203	569,457	662,848
$ 5,678,468	$ 2,384,711	$ 560,891	$ 1,600,146	$1,653,265	$ 662,251	$ 967,782
8.08%	13.98%	2.86%	5.70%	9.93%	0.63%	4.29%
(0.37)%	10.37%	6.78%	10.13%	4.77%	(1.44)%	13.06%
(4.13)%	8.13%	(7.70)%	8.00%	(2.93)%	8.69%	5.45%
673,870	629,003	575,553	551,228	561,792	548,384	560,468
48,747	35,566	32,611	32,937	32,569	32,664	30,385

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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 as of and for the year ended June 30, 2019, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 15, 2019.

<u>Internal Control Over Financial Reporting</u>

In planning and performing our audit of the financial statements, we considered Metro Waste Authority's internal control over financial reporting (internal control) to determine the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 may exist that have not been identified.

1601 22nd Street, Suite 400 ■ West Des Moines, Iowa 50266 ■ Phone 515.225.8400 ■ Fax 515.225.0149 ■ denman-cpa.com

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 determination of financial statement amounts. 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 certain immaterial instances of noncompliance that are described in the accompanying schedule of findings.

Comments involving statutory and other legal matters about the Authority's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Authority. 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.

Metro Waste Authority's Responses to the Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings. The Authority's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 15, 2019

Metro Waste Authority
SCHEDULE OF FINDINGS
Year ended June 30, 2019

Part I—Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

No matters were noted.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

Part II—Findings Related to Required Statutory Reporting

19-II-A QUESTIONABLE EXPENSES

No questionable expenditures of Authority funds were noted.

19-II-B TRAVEL EXPENSE

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

19-II-C BOARD MINUTES

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

19-II-D 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 Authority's investment policy were noted, except as follows:

The Authority does not have an approved depository resolution, identifying approved financial institutions and maximum depository limits of each, as required by Chapter 12C.2 of the Code of Iowa.

Recommendation

The Authority should adopt a depository resolution as required by Chapter 12C.2 of the Code of Iowa.

Response

A depository will be adopted.

Conclusion

Response accepted.

19-II-E 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, 2019

Part II—Findings Related to Required Statutory Reporting (continued)

19-II-F FINANCIAL ASSURANCE

The Authority has elected to demonstrate financial assurance for closure and postclosure 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 is demonstrated as follows:

	Closure/ Postclosure Care
Total estimated costs for closure and postclosure care	$21,562,190
Less: Amount Authority has restricted for closure and postclosure care (dedicated fund mechanism)	16,985,937
Remaining costs to be assured through the local government financial test	$ 4,576,253
Financial assurance through the local government financial test	$ 4,576,253