Des Moines Metropolitan Wastewater Reclamation Authority

Financial Report
June 30, 2015

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Independent Auditor's Report

To the WRA Board Members
Des Moines Metropolitan
Wastewater Reclamation Authority
Des Moines, Iowa

Report on the Financial Statements
We have audited the accompanying financial statements of the Des Moines Metropolitan Wastewater Reclamation Authority (WRA), as of and for the years ended June 30, 2015 and 2014, and the related notes to the basic financial statements, which collectively comprise the WRA's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Des Moines Metropolitan Wastewater Reclamation Authority, as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the other postemployment benefit plan schedule of funding progress on page 26 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 reports for the years ended June 30, 2015 and 2014 dated December 10, 2015 and December 5, 2014, respectively, on our consideration of WRA'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 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WRA's internal control over financial reporting and compliance.

RSM US LLP

Des Moines, Iowa
December 10, 2015

Des Moines Metropolitan Wastewater Reclamation Authority

Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014

The management of the Wastewater Reclamation Authority (WRA) is pleased to offer readers of the WRA's financial statements this narrative overview and analysis of the financial position and activities of the WRA as of and for the fiscal years ended June 30, 2015 and 2014.

Overview of the WRA

A regional treatment plant and conveyance system to nine members of the Integrated Community Area (ICA) was constructed between 1982 and 1994 with a plan of operating through 2005. On July 1, 2004, the Wastewater Reclamation Authority reorganized under a new 28E agreement to be a legal entity that is separate from the member communities and governed by its own Board. This reorganization enabled considerable change in the conveyance system and additions to the treatment plant that allowed the connection of the remaining ICA communities to the regional treatment plant, greater/better treatment at times of over flows, and three new communities join the WRA. During fiscal year 2014 an updated 28E agreement was adopted that will increase capacity at the regional treatment plant, improve interceptors and add a force main and gravity sewer to the conveyance system. This updated 28E agreement extends the WRA to June 30, 2064 and provides planned improvements through 2032.

Participants in the WRA include the cities of Des Moines, West Des Moines, Clive, Altoona, Ankeny, Bondurant, Johnston, Pleasant Hill, Norwalk, Cumming, Waukee and Polk City; the Urbandale Sanitary Sewer District, Urbandale-Windsor Heights Sanitary District, Greenfield Plaza/Hills of Coventry Sanitary District, Polk County and Warren County in the state of Iowa.

Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to the WRA's basic financial statements. The WRA's basic financial statements comprise three components: 1) basic financial information, 2) notes to the financial statements and 3) required supplementary information.

Basic financial statements

The basic financial statements are designed to provide readers with a broad overview of the WRA's finances in a manner similar to a private-sector business. The basic financial statements are prepared using the same basis of accounting as private-sector business enterprises. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows, followed by notes to the financial statements and required supplementary information.

The statement of net position presents information on all the WRA's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the WRA is improving or deteriorating.

The statement of revenues, expenses and changes in net position reports the operating revenues and expenses and non-operating revenues and expenses of the WRA for the fiscal year which determines the change in net position for the fiscal year.

The statement of cash flows reports cash and cash equivalents for the fiscal year resulting from operating activities, capital and related financing activities, investing activities, and noncash activities.

The basic financial statements include only the WRA. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the WRA. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial highlights

Assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources (net position) by $288,343,997, $285,127,906, and $279,492,186 as of June 30, 2015, 2014 and 2013, respectively. At June 30, 2015, 2014, and 2013, the WRA showed $10,945,491, $5,909,642 and $11,988,103, respectively, as unrestricted net position, which were available to meet current and future obligations of the WRA.

During the years ended June 30, 2015, 2014 and 2013, the WRA's cash provided by operating activities was $21,589,759, $23,462,137, and $16,506,963, respectively.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current fiscal year, the WRA is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal years. In 2015, the WRA's net position increased $3,216,091 from 2014. In 2014, the WRA's net position increased $5,635,720 from 2013.

Table 1

	2015	2014	2013
Assets			
Current and other assets	**$ 47,959,137**	$ 47,654,345	$ 66,377,443
Capital assets	**603,398,575**	593,989,748	552,957,465
Total assets	**651,357,712**	641,644,093	619,334,908
Deferred outflows of resources			
Deferred charge on refunding	**974,416**	1,099,708	1,186,672
Liabilities			
Current liabilities	**18,987,097**	19,589,030	26,615,936
Noncurrent liabilities	**345,001,034**	338,026,865	314,413,458
Total liabilities	**363,988,131**	357,615,895	341,029,394
Net position			
Net investment in capital assets	**248,974,506**	250,774,589	239,201,658
Restricted assets	**28,424,000**	28,443,675	28,302,425
Unrestricted assets	**10,945,491**	5,909,642	11,988,103
Total net position	**$ 288,343,997**	$ 285,127,906	$ 279,492,186

The increase in net position during the years ended June 30, 2015, 2014 and 2013 is primarily the result of cash collected for capital assets and debt servicing.

Highlights of the WRA's revenues and expenses for the years ended June 30, 2015, 2014 and 2013 are presented in Table 2:

Table 2

	2015	2014	2013
Operating revenues, charges for sales and services	**$ 42,725,316**	$ 40,827,063	$ 38,074,851
Operating expenses:			
Cost of sales and services	**21,277,871**	18,304,901	17,249,600
Depreciation	**14,262,544**	13,738,962	12,021,733
Total operating expenses	**35,540,415**	32,043,863	29,271,333
Operating income	**7,184,901**	8,783,200	8,803,518
Nonoperating revenues (expenses):			
Investment earnings	**168,093**	136,702	207,678
Amortization	**171,080**	279,634	1,359,720
Gain (loss) on disposal of capital assets	**(288,195)**	36,363	(23,926)
Interest and bond issuance expense	**(4,170,663)**	(3,644,355)	(5,073,294)
Nonoperating (loss)	**(4,119,685)**	(3,191,656)	(3,529,822)
Capital grants and contributions	**150,875**	44,176	290,457
Change in net position	**$ 3,216,091**	$ 5,635,720	$ 5,564,153

Total revenues were $43,044,284 and total expenses were $39,828,193 for the year ended June 30, 2015. Total revenues were $41,044,304 and total expenses were $35,408,584 for the year ended June 30, 2014. Total revenues were $38,572,986 and total expenses were $33,008,833 for the year ended June 30, 2013. The WRA's net operating income was $7,184,901 for the year ended June 30, 2015, $8,783,200 for the year ended June 30, 2014 and $8,803,518 for the year ended June 30, 2013.

The WRA receives contributions from the member communities for debt servicing, capital and operations. The total received from the communities during the years ended June 30, 2015, 2014 and 2013 was $37,707,955, $36,572,885 and $33,399,626, respectively.

Capital assets

Capital assets (net) increased by $9,408,827 in 2015, $41,032,283 in 2014 and $75,596,238 in 2013.

Bond proceeds provided funding for the long-term construction commitments for these purposes: a) to accommodate the anticipated population growth in the metro area, b) to make improvements to the wastewater facility and the conveyance system following the WRA Facility Plan Update – 2012, and 3) to fund WRA's portion of Des Moines' long-term control plan for separation of the combined sewer system.

Concentration on the capital improvements and expansion planned through the year 2032 will allow the WRA to continue its mission of protecting the public health and enhancing the environment by recycling wastewater and being the preferred treatment facility for hauled liquid waste. Please refer to Note 4 for more information on the WRA's capital assets.

Long-term debt

In October 2004, the WRA authorized $26,850,000 of sewer revenue bonds, Series 2004A and $66,830,000 on sewer revenue bonds, Series 2004B. The proceeds of the Series 2004A bonds were used to acquire from the City of Des Moines the Wastewater Reclamation Facility (WRF) located at 3000 Vandalia Road, Des Moines, Iowa, and also to acquire all existing WRA sanitary sewer conveyance facilities, and all rights comprised of or used as part of the WRA System. The proceeds of the Series 2004B bonds are to be used for constructing improvements or additions to the WRA System and paying project costs. The Series 2004A was retired in 2012 and the 2004B was partially advance refunded in 2013 and retired in 2014. In December 2006, the WRA authorized $38,050,000 of sewer revenue bonds, Series 2006 with the proceeds to be used for constructing improvements or additions to the WRA System and paying project costs.

In 2008, the WRA authorized sewer revenue bonds under the Iowa Finance Authority's (IFA) state revolving loan program (SRF). Proceeds of the Series 2008A bonds were used to construct a sewer to connect a member community's sanitary sewer system to the WRF. WRA's active participation in IFA's program serves to finance the necessary improvements to connect more communities under the Facility Plan and to separate combined sewers of the WRA system.

In fiscal year ended June 30, 2015, the WRA issued $46,290,000 of debt. The proceeds were used to retire/refund Series 2006 sewer revenue bonds and to fund construction improvement projects and additions to the WRA System. In fiscal year ending June 30, 2014, the WRA issued $13,200,000 in debt. The proceeds were used to fund construction improvement projects and additions to the WRA System. In fiscal year ended June 30, 2013, the WRA issued $99,848,000 of debt. The proceeds were used to retire/refund Series 2004B sewer revenue bonds and to fund construction improvement projects and additions to the WRA System.

In May 2013, the WRA issued $56,420,000 of sewer revenue refunding bonds, Series 2013B to partially advance refund $57,450,000 of the outstanding Sewer Revenue Bonds, Series 2004B.

In May 2015, WRA issued $32,020,000 Series 2015E bonds to partially advance refund $31,440,000 of the outstanding Sewer Revenue Bonds, Series 2006. Proceeds were placed into an irrevocable trust with an escrow agent and the partially refunded liability of the Series 2006 bonds was removed from the WRA's statement of net position.

Revenue bonds payable increased by $9,295,656 in 2015, $25,387,957 in 2014 and $61,769,418 in 2013. Please refer to Note 5 for more information on the WRA's long-term debt.

Economic factors

Interest rates have declined in recent years. Investment earnings were $168,093, $136,702, and $207,678 for the years ended June 30, 2015, 2014 and 2013, respectively. Users of the WRA Facility consist of the regional communities including waste haulers and industries based in those communities. The WRA will not impose sewer rates and charges. The communities will continue to provide revenue to the WRA.

Request for information

These financial statements and discussions are designed to provide interested user a complete disclosure of the WRA's finances. If you have questions about this report contact Dan Ritter, 400 Robert D. Ray Drive, Des Moines, Iowa 50309.

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Des Moines Metropolitan Wastewater Reclamation Authority

Statements of Net Position
June 30, 2015 and 2014

Assets	**2015**	2014
Current assets:		
Unrestricted current assets:		
Cash and pooled cash	**$ 12,021,796**	$ 10,337,912
Accounts receivable, net	**890,838**	732,489
Interest receivable	**13,115**	14,178
Due from other governmental units	**6,215,806**	5,582,640
Prepaid expenses	**393,582**	151,119
Unrestricted current assets	**19,535,137**	16,818,338
Restricted current assets:		
Cash and pooled cash investments	**5,620,520**	5,656,800
Investments	**14,524,480**	14,328,200
Restricted current assets	**20,145,000**	19,985,000
Total current assets	**39,680,137**	36,803,338
Noncurrent assets:		
Restricted noncurrent assets:		
Cash and pooled cash	**1,122,747**	2,695,742
Investments	**7,156,253**	8,155,265
Capital assets:		
Land	**9,196,291**	9,140,972
Construction in progress	**204,295,240**	259,915,220
Plant	**237,387,328**	221,560,256
Sewer system	**279,440,939**	222,723,835
Machinery and equipment	**53,839,343**	47,916,746
	784,159,141	761,257,029
Less accumulated depreciation	**180,760,566**	167,267,281
Capital assets, net	**603,398,575**	593,989,748
Total noncurrent assets	**611,677,575**	604,840,755
Total assets	**651,357,712**	641,644,093
Deferred Outflows of Resources, deferred charge on refunding	**974,416**	1,099,708

See Notes to Financial Statements.

Liabilities	**2015**	2014
Current liabilities:		
Accounts payable	**$ 657,910**	$ 540,385
Accrued wages payable	**281,145**	186,429
Accrued employee benefits	**429,770**	451,347
Contracts payable	**4,861,354**	7,673,989
Due to other governments	**242,610**	-
Revenue bonds payable	**11,524,000**	9,832,000
Accrued interest payable	**990,308**	904,880
Total current liabilities	**18,987,097**	19,589,030
Noncurrent liabilities:		
Accrued employee benefits	**834,394**	865,380
Other postemployment benefits	**345,789**	286,286
Revenue bonds payable	**339,757,730**	332,154,074
Unamortized bond premium	**4,063,121**	4,721,125
Total noncurrent liabilities	**345,001,034**	338,026,865
Total liabilities	**363,988,131**	357,615,895
Net Position		
Net investment in capital assets	**248,974,506**	250,774,589
Restricted	**28,424,000**	28,443,675
Unrestricted	**10,945,491**	5,909,642
Total net position	**$ 288,343,997**	$ 285,127,906

Des Moines Metropolitan Wastewater Reclamation Authority

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2015 and 2014

	2015	2014
Operating revenues, charges for sales and services	**$ 42,725,316**	$ 40,827,063
Operating expenses:		
Salary and personal services	**9,574,419**	9,479,953
Contractual services	**9,581,527**	6,890,950
Commodities	**2,121,925**	1,933,998
Depreciation	**14,262,544**	13,738,962
Total operating expenses	**35,540,415**	32,043,863
Operating income	**7,184,901**	8,783,200
Nonoperating revenues (expenses):		
Investment earnings	**168,093**	136,702
Amortization of bond premium and deferred charge on refunding	**171,080**	279,634
Gain (loss) on disposal of capital assets	**(288,195)**	36,363
Interest and bond issuance expense	**(4,170,663)**	(3,644,355)
Total nonoperating (expenses)	**(4,119,685)**	(3,191,656)
Income before capital grants and contributions	**3,065,216**	5,591,544
FEMA recovery contributions	**150,875**	44,176
Change in net position	**3,216,091**	5,635,720
Net position, beginning of year	**285,127,906**	279,492,186
Net position, end of year	**$ 288,343,997**	$ 285,127,906

See Notes to Financial Statements.

Des Moines Metropolitan Wastewater Reclamation Authority

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Receipts from users	**$ 41,079,472**	$ 42,374,261
Payments to employees	**(9,472,763)**	(9,388,335)
Payments to suppliers	**(11,585,780)**	(9,523,789)
Net cash provided by operating activities	**20,020,929**	23,462,137
Cash flows from investing activities:		
Investment earnings	**187,278**	131,036
Purchase of investments	**(29,286,185)**	(25,240,060)
Sales of investments	**30,070,795**	22,338,715
Net cash provided by (used in) investing activities	**971,888**	(2,770,309)
Cash flows from capital and related financing activities:		
Purchase of capital assets	**(18,812,271)**	(55,113,279)
Receipts from sale of capital assets	**10,250**	36,363
Receipts from SRF drawdowns	**19,416,985**	40,305,349
Grant payments received, net of payments	**150,875**	44,176
Proceeds from revenue bonds, including premiums and deferred amount on refunding of 2015 $1,070,679; 2014 none	**33,090,679**	-
Principal payments on revenue bonds	**(41,287,000)**	(8,318,000)
Interest payments on revenue bonds	**(12,861,524)**	(11,086,923)
Payment of bond issuance costs	**(626,202)**	(43,033)
Net cash (used in) capital and related financing activities	**(20,918,208)**	(34,175,347)
Increase (decrease) in cash and pooled cash	**74,609**	(13,483,519)
Cash and pooled cash, beginning of year	**18,690,454**	32,173,973
Cash and pooled cash, end of year	**$ 18,765,063**	$ 18,690,454

(Continued)

Des Moines Metropolitan Wastewater Reclamation Authority

Statements of Cash Flows (Continued)
Years Ended June 30, 2015 and 2014

	2015	2014
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 7,184,901**	$ 8,783,200
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**14,262,544**	13,738,962
(Increase) decrease in accounts receivable	**(158,349)**	190,659
(Increase) decrease in due from other governmental units	**(1,487,495)**	1,396,670
(Increase) decrease in prepaid expenses	**(242,463)**	(40,131)
(Decrease) in accounts payable and due to other governments	**360,135**	(698,841)
Increase (decrease) in accrued wages payable	**94,716**	32,163
Increase (decrease) in accrued employee benefits	**(52,563)**	(4,114)
Increase in other postemployment benefits	**59,503**	63,569
Net cash provided by operating activities	**$ 20,020,929**	$ 23,462,137
Noncash investing activities, net appreciation (depreciation) in fair value of investments	**$ (18,122)**	$ 25,801
Noncash capital and related financing activities:		
Amounts in contracts payable for purchase of capital assets	**4,861,354**	7,673,989
Amounts in due from other governmental units for SRF draws	**4,646,971**	5,501,300
Amounts of interest expense capitalized to new assets	**7,970,180**	7,534,200

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies and Related Matters

General:

The Des Moines Metropolitan Wastewater Reclamation Authority (WRA) is a separate legal entity with its own Board. A joint venture was formed in 1979 in accordance with the provisions of Chapter 28E of the Code of Iowa. The WRA has been established for the purposes of planning, constructing, operating and managing regional sanitary sewer facilities. On July 1, 2004, a 28E was adopted which amended and restated the previous agreement, created a separate entity, and set forth provisions to carry the WRA beyond 2005 to June 30, 2054. Three communities have joined the WRA since 2004. Supplements to the WRA agreement admitted the City of Cumming effective July 1, 2006; the City of Waukee effective July 1, 2007; and the City of Polk City July 1, 2010.

In 2014, an updated 28E was adopted: the second amended and restated WRA Agreement became effective on June 11, 2014. It extends the WRA to June 30, 2064. The WRA contains the following entities: the Iowa cities of Altoona, Ankeny, Bondurant, Clive, Cumming, Des Moines, Johnston, Norwalk, Pleasant Hill, Polk City, Waukee and West Des Moines; Urbandale Sanitary Sewer District; Urbandale-Windsor Heights Sanitary District, Greenfield Plaza/Hills of Coventry Sanitary District; the Iowa counties of Polk County and Warren County, (collectively referred to as the “participating communities”). Each participating community has one representative on the Board and additional representatives for each 25,000 population.

On July 1, 2004, the City of Des Moines, Iowa (Des Moines) was designated the “operating contractor”. As operating contractor Des Moines operates, maintains and manages the Wastewater Reclamation Facility and the WRA System. The employees assigned to WRA are Des Moines employees. The 20-year contract between WRA and Des Moines terminates June 30, 2024.

The first amended and restated 28E agreement set forth a schedule to fund sewer improvements and construction through 2020 that would connect all participating communities except Polk City to the WRA Facility at 3000 Vandalia Road and provided funding of plant improvements. Conveyance improvements included a diversion facility west of Norwalk for storage during high flow events and a separation facility west of the main WRA Facility for treatment during high flow events with a new main outfall to bring combined flows to this facility. The improvements were detailed in the WRA Facility Plan Update-2004.

Additionally, the second amended and restated 28E agreement sets forth a schedule through 2032 that will connect Polk City to the WRA Facility by construction of an Eastside interceptor and improvements at the existing Westside interceptor. Improvements at the main WRA Facility are planned to meet new and continuing requirements of the operating permit and to increase plant capacity. These improvements are detailed in the WRA Facility Plan Update-2012. The second amended and restated 28E revised the borrowing capacity of the WRA and allows all bonds authorized and issued by the Board to be scheduled to mature so that the aggregate principal amount of all revenue bonds payable on June 30 of each year does not exceed $675 million.

Reporting entity:

Accounting principles generally accepted in the United States of America require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The WRA is considered to be a primary government and there are no other organizations, agencies, boards, commissions or authorities which are required to be included in the financial reporting entity of the WRA.

Note 1. Summary of Significant Accounting Policies and Related Matters (Continued)

Basis of presentation:

These financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The economic resources measurement focus and the accrual basis of accounting are used by WRA. Under this basis of accounting, assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of WRA are included on the statement of net position. Revenues are recorded when earned which is when the service is provided and expenses are recorded at the time liabilities are incurred. Annually, WRA charges the participating communities for operations including maintenance and debt service in accordance with the 28E agreement, primarily based on budgeted wastewater reclamation facility flows.

Operating and nonoperating revenues and expenses: Operating revenues result from exchange transactions of WRA and charges to participating communities. Operating revenue received from the major participating communities for the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
City of Des Moines	33%	40%
City of West Des Moines	12	13
City of Ankeny	13	11

Nonoperating revenues result from nonexchange transactions such as investment earnings. Expenses associated with operating WRA and providing services are considered operating.

Cash and pooled cash: WRA maintains deposits with Des Moines as the operating contractor, which invests these deposits on a short-term basis. Des Moines allocates investment income to WRA based upon Des Moines' rate of return on pooled cash and investments and WRA's average monthly deposits balance.

Investments: Des Moines purchases investments on behalf of WRA. The investments consist of U.S. Government Agency Securities and are valued at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

Accounts receivable: WRA accrues unbilled revenues from commercial customers for industrial pretreatment services and from Fat, Oil, Grease (FOG) inspection fees based upon services rendered between the last billing date in the current year and year-end. An allowance account was established for uncollectible FOG inspection fees with annual increases computed as 10 percent of each year's fees. The balance in the allowance for doubtful accounts was approximately $83,200 and $4,000 at June 30, 2015 and 2014, respectively. Approximately $79,200 and none were written off during the years ended June 30, 2015 and 2014, respectively.

Due from other governments: WRA accrues draws submitted under the state revolving loan program based upon service dates of the contract work performed. As of June 30, 2015 and 2014, the amount due from Iowa Finance Authority (SRF Program) was approximately $6,215,800 and $5,501,300, respectively. WRA also accrues any unpaid balances from participating communities at year-end.

Prepaids: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the statement of net position.

Note 1. Summary of Significant Accounting Policies and Related Matters (Continued)

Restricted assets: Restricted assets represent required reserve funds as established by the debt agreement.

Capital assets: Land, plant and sewer systems are stated at cost. Depreciation has been provided using the straight-line method over the estimated useful lives of 3-50 years. The cost of repairs and maintenance is charged to expense when incurred. The cost of renewals or substantial improvements in excess of $5,000 are capitalized. The cost and accumulated depreciation of assets disposed are deleted, with any gain or loss recorded in current operations. Interest cost associated with self-constructed assets is capitalized when significant to WRA. For fiscal years 2015 and 2014, $7,970,180 and $7,534,200 of interest costs were capitalized.

Deferred outflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. WRA has one item that qualifies for reporting in this category, which is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

Net position: Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets and adjusted for any deferred charges on refundings. Net investment in capital assets excludes unspent bond proceeds. Unspent bond proceeds as of June 30, 2015 and 2014 were none and $2,392,332, respectively. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. WRA applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources and liabilities in the financial statements and accompanying notes. Actual results may differ from those estimates.

Compensated absences: Employees assigned to WRA are employees of Des Moines, the Operating Contractor, wages and benefits are paid by WRA as a direct allocation. Employee benefits are provided under the policies of Des Moines. Under these policies, employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. If paid upon death or retirement, the total accumulated hours are paid at one-half of the then effective hourly rate for that employee, with a maximum of 750 hours per employee. These accumulations are recorded as expenses and accrued employee benefits in the fiscal year earned.

Employees working for WRA also participate in Des Moines' deferred compensation plan. The plan permits employees to defer a portion of their salary until future years. Under the terms of the plan, WRA makes contributions to the plan equal to the employees' contributions; up to 4.5 percent for the employees referred to as supervisory, professional, and management (SPM); up to 2.5 percent for the employees of the Central Iowa Public Employee's Council (CIPEC); and up to 2 percent for the employees of the Municipal Employee's Association (MEA). In 2015 and 2014, WRA contributed $153,700 and $147,800, respectively, to the plan.

Note 1. Summary of Significant Accounting Policies and Related Matters (Continued)

Due to other governments: A liability is recorded in the statement of net position for amounts due to participating communities for sewer design and construction that arise from an expedited 28E agreement approved by WRA.

Long-term obligations: Long-term debt is recorded as a liability in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed at the time of bond issuance.

Reclassification of certain assets: Certain assets on the statement of net position as of June 30, 2014, have been reclassified with no effect on net position, to be consistent with the classification adopted for June 30, 2015.

Note 2. Related Party Transactions

WRA shares certain expenses with Des Moines in accordance with the provisions of the WRA Operating Contract. WRA incurred wages and employee benefit costs in 2015 and 2014 of approximately $9,574,000 and $9,480,000, respectively, for employees working for WRA. During the years ended June 30, 2015 and 2014, WRA paid allocations of $970,200 (23 percent) and $943,800 (25 percent), respectively, to Des Moines for shared expenses relating to pumping stations maintenance.

Note 3. Deposits and Investments

As of June 30, 2015 and 2014, WRA had the following investments and maturities:

	2015			
	Current		Investment	
	Market	Less	Maturities in Years	
Security Description	Value	than One	1 - 2	3 - 5
FHLB	$ 13,938,600	$ 2,254,505	$ 9,510,120	$ 2,173,975
Federal farm credit	6,742,033	491,045	6,250,988	-
FHLMC	1,000,100	1,000,100	-	-
Grand total	$ 21,680,733	$ 3,745,650	$ 15,761,108	$ 2,173,975

	2014			
	Current		Investment	
	Market	Less	Maturities in Years	
Security Description	Value	than One	1 - 2	3 - 5
FHLB	$ 3,001,440	$ -	$ 2,001,440	$ 1,000,000
FNMA	1,261,550	1,261,550	-	-
Federal farm credit	6,611,133	-	6,611,133	-
FHLMC	11,609,342	-	-	11,609,342
Grand total	$ 22,483,465	$ 1,261,550	$ 8,612,573	$ 12,609,342

Note 3. Deposits and Investments (Continued)

Authorized investments: WRA appointed the City Treasurer of Des Moines as the WRA Treasurer. The investment policy of WRA directs the funds to be invested in the same manner as Des Moines Funds are invested under the Des Moines investment policy. WRA is authorized by state 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 Des Moines and the Treasurer of the State of Iowa; prime eligible bankers acceptances; commercial paper rated P-1 by Moody's Commercial Paper Record and A-1 by Standard & Poor's Corporation with a maturity of 270 days; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of drainage districts.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity the fair value is to changes in market interest rates. In accordance with WRA's investment policy, WRA minimizes the interest rate risk of investments in the portfolio by structuring its investment portfolio so that investments mature to meet cash requirements for operations. The WRA investment policy defines operating funds as those funds that can be reasonably expended during a current budget year or within 15 months of receipt. Operating funds are limited to a maturity of 397 days. Non-operating funds are to be invested to coincide with the expected use of the funds. WRA's investment policy requires that nonoperating funds not exceed a five year maturity.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2015, WRA's investments were rated as follows:

Security Description	Moody's	Standard & Poor's
Federal Farm Credit	Aaa	AA+
FHLB	Aaa	AA+
FHLMC	Aaa	AA+

Concentration of credit risk: The WRA's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the WRA to meet all anticipated cash requirements. The policy limits investments in order to avoid over-concentration in securities of a specific issuer. No more than 10 percent of the investment portfolio may be invested in commercial paper and no more than 50 percent of the investment portfolio is invested in securities of a single issuer. As of June 30, 2015, WRA had invested 64 percent in FHLB, 5 percent in FHLMC and 31 percent Federal Farm Credit securities. As of June 30, 2014, WRA had invested 13 percent in FHLB, 6 percent in FNMA, 52 percent in FHLMC, and 27 percent Federal Farm Credit securities.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2015 and 2014, WRA's deposits with financial institutions were entirely covered by the federal depository insurance or collateralized by the State Sinking Fund in accordance with Chapter 12c of the Code of Iowa.

As of June 30, 2015 and 2014, WRA's investments are unregistered and uninsured and held by the counter party's trust department or their agent in the name of WRA.

Note 4. Capital Assets

The following tables show the changes in capital assets for the years ended June 30, 2015 and 2014:

	2015			
	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Nondepreciable capital assets:				
Land	$ 9,140,972	$ 55,319	$ -	$ 9,196,291
Construction in progress	259,915,220	23,177,732	(78,797,712)	204,295,240
	269,056,192	23,233,051	(78,797,712)	213,491,531
Depreciable capital assets:				
Plant	221,560,256	16,841,802	(1,014,730)	237,387,328
Sewer system	222,723,835	56,717,104	-	279,440,939
Machinery and equipment	47,916,746	5,975,571	(52,974)	53,839,343
	492,200,837	79,534,477	(1,067,704)	570,667,610
Less accumulated depreciation:				
Plant	(89,262,095)	(5,944,602)	716,285	(94,490,412)
Sewer system	(50,733,776)	(5,172,634)	-	(55,906,410)
Machinery and equipment	(27,271,410)	(3,145,308)	52,974	(30,363,744)
	(167,267,281)	(14,262,544)	769,259	(180,760,566)
Net capital assets	$ 593,989,748	$ 88,504,984	$ (79,096,157)	$ 603,398,575

	2014			
	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Nondepreciable capital assets:				
Land	$ 8,920,652	$ 220,320	$ -	$ 9,140,972
Construction in progress	210,164,295	53,962,776	(4,211,851)	259,915,220
	219,084,947	54,183,096	(4,211,851)	269,056,192
Depreciable capital assets:				
Plant	221,554,681	5,575	-	221,560,256
Sewer system	220,540,872	2,182,963	-	222,723,835
Machinery and equipment	45,684,517	2,611,462	(379,233)	47,916,746
	487,780,070	4,800,000	(379,233)	492,200,837
Less accumulated depreciation:				
Plant	(83,553,960)	(5,708,135)	-	(89,262,095)
Sewer system	(46,150,143)	(4,583,633)	-	(50,733,776)
Machinery and equipment	(24,203,449)	(3,447,194)	379,233	(27,271,410)
	(153,907,552)	(13,738,962)	379,233	(167,267,281)
Net capital assets	$ 552,957,465	$ 45,244,134	$ (4,211,851)	$ 593,989,748

Note 5. Employee Benefits and Revenue Bonds

The following tables show the changes in long-term debt and employee benefits for the years ended June 30, 2015 and 2014:

	2015				
	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue bonds:					
SRF loans	$ 3,506,000	$ -	$ (1,401,000)	$ 2,105,000	$ 1,237,000
Series 2006	33,275,000	-	(32,340,000)	935,000	935,000
Series 2013B	55,880,000	-	(1,710,000)	54,170,000	1,765,000
Series 2015E	-	32,020,000	-	32,020,000	155,000
New SRF loans	249,125,074	17,554,752	(5,636,000)	261,043,826	7,432,000
Subordinate SRF	200,000	1,007,904	(200,000)	1,007,904	-
Add premiums	4,721,125	1,070,678	(1,728,682)	4,063,121	-
Total revenue bonds, net	346,707,199	51,653,334	(43,015,682)	355,344,851	11,524,000
Accrued employee benefits	1,316,727	1,046,814	(1,099,377)	1,264,164	429,770
Total	$ 348,023,926	$ 52,700,148	$ (44,115,059)	$ 356,609,015	$ 11,953,770

	2014				
	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue bonds:					
SRF loans	$ 4,850,000	$ -	$ (1,344,000)	$ 3,506,000	$ 1,401,000
Series 2004B	1,310,000	-	(1,310,000)	-	-
Series 2006	34,145,000	-	(870,000)	33,275,000	900,000
Series 2013B	56,420,000	-	(540,000)	55,880,000	1,710,000
New SRF loans	219,673,117	33,705,957	(4,254,000)	249,125,074	5,621,000
Subordinate SRF	200,000	-	-	200,000	200,000
Add premiums	5,087,723	-	(366,598)	4,721,125	-
Total revenue bonds	321,685,840	33,705,957	(8,684,598)	346,707,199	9,832,000
Accrued employee benefits	1,320,841	1,106,291	(1,110,405)	1,316,727	451,347
Total	$ 323,006,681	$ 34,812,248	$ (9,795,003)	$ 348,023,926	$ 10,283,347

Revenue bonds: All senior revenue bonds require principal and interest payments annually each June 1st based on amortization schedules approved by the WRA Board when debt is authorized. Subordinate debt has no principal payment scheduled but will be refunded by issuing senior debt for the same construction project. Principal payments for bonds in the SRF program begin after construction is completed and the project is accepted by the WRA Board.

In December 2006, the WRA issued $38,050,000 Series 2006 bonds for construction projects. The Series 2006 bonds were partially refunded in 2015 with the issuance of the Series 2015E bonds.

In May 2013, WRA issued $56,420,000 Series 2013B bonds with interest rates ranging from 2 percent to 4 percent to partially advance refund $57,450,000 of the outstanding Sewer Revenue Bonds, Series 2004B. Proceeds were placed into an irrevocable trust with an escrow agent, and the series 2004B bonds were called in 2014.

Note 5. Employee Benefits and Revenue Bonds (Continued)

In May 2015, WRA issued $32,020,000 Series 2015E bonds with interest rates ranging from 2.25 percent to 5 percent to partially advance refund $31,440,000 of the outstanding Sewer Revenue Bonds, Series 2006. Proceeds were placed into an irrevocable trust with an escrow agent and the partially refunded liability of the Series 2006 bonds was removed from the WRA's statement of net position. The WRA completed the advance refunding to reduce its total debt service payments by $6,312,996 and an economic gain (difference between the present values of the old and new debt service payments) of $4,300,391.

In February 2008, WRA issued bonds under the Iowa Finance Authority state revolving loan program to finance various construction projects. Each bond series under the state revolving loan program is issued for specific projects with repayments scheduled over the life of the asset or up to thirty years. WRA draws the proceeds as needed for the projects with principal payments on the bonds beginning after completion of the construction.

Bonds issued during the years ended June 30, 2015 and June 30, 2014 totaled $17,554,752 and $33,705,957, respectively. During fiscal years 2015 and 2014, WRA also issued $1,007,904 and none, respectively, subordinate bonds under the SRF planning and design program scheduled to be refunded into a permanent loan after July 1, 2015.

The state revolving loans require WRA to produce and maintain net revenues at a level not less than 100 percent of the amount of principal and interest on the revenue bonds. In addition, the revenue bonds require that monies be deposited into various restricted reserve accounts and that these deposits be used only for the payment of principal and interest on the related bonds when due or for other purposes as set forth in the bond agreement. The deposits in these restricted reserve accounts total $28,424,000 and $28,443,675 as of June 30, 2015 and 2014, respectively.

Included within the SRF loans are $2,000,000 Series 2010 C1 bonds, which are Build America Bonds, issued in June 2010. The WRA has elected to receive future payments from the federal government to offset the 3 percent interest. The payments are equal to 35 percent of the interest paid; the net interest rate is 1.95 percent.

Note 5. Employee Benefits and Revenue Bonds (Continued)

The following tables show the detail of revenue bonds payable.

2015						
Series	Date Issued or Assumed	Amount Issued	Maturity Date	Interest Rates	New SRF Only Amount Drawn	Amount Outstanding June 30, 2015
SRF 4	12/1/2004	*	6/1/2015	3%	N/A	$ -
SRF 6	12/1/2004	*	6/1/2016	3	N/A	829,000
SRF 7	12/1/2004	*	6/1/2018	3	N/A	1,276,000
2006	12/19/2006	$ 38,050,000	6/1/2036	3.75 to 5	N/A	935,000
2008 A	6/4/2008	16,520,000	6/1/2039	3	$ 16,520,000	14,580,000
2008 B	6/4/2008	6,575,000	6/1/2038	3	6,575,000	5,802,000
2008 D	6/4/2008	2,650,000	6/1/2039	3	2,332,000	2,260,000
2009 B	3/18/2009	8,400,000	6/1/2039	3	8,400,000	7,446,000
2009 C	7/5/2009	9,200,000	6/1/2039	3	9,200,000	8,155,000
2010 A	5/12/2010	8,500,000	6/1/2040	3	8,500,000	7,739,000
2010 B	5/12/2010	7,000,000	6/1/2040	3	7,000,000	6,373,000
2010 C1	6/30/2010	2,000,000	6/1/2032	3	2,000,000	1,997,000
2010 C2	6/30/2010	21,500,000	6/1/2032	3	21,384,582	18,735,582
2011 A	5/25/2011	60,000,000	6/1/2042	3	59,986,491	57,392,491
2011 B	3/23/2011	16,000,000	6/1/2041	3	15,544,553	14,489,553
2011 C	5/25/2011	9,600,000	6/1/2041	3	9,600,000	8,966,000
2011 D	12/2/2011	14,400,000	6/1/2043	3	14,000,000	14,093,000
2012 A	5/16/2012	200,000	5/2/2015	-	200,000	-
2012 B	5/16/2012	2,772,000	6/1/2042	3	2,772,000	2,651,000
2012 C	5/16/2012	18,000,000	6/1/2043	3	17,999,516	17,616,000
2012 D	5/16/2012	7,000,000	6/1/2042	3	7,000,000	6,696,000
2012 E	11/16/2012	12,300,000	6/1/2043	2.75	11,466,721	11,194,721
2012 F	11/16/2012	1,428,000	6/1/2043	2.75	1,427,000	1,395,000
2012 G	11/16/2012	22,000,000	6/1/2043	2.75	22,000,000	23,763,284
2013 A	4/5/2013	7,700,000	6/1/2043	2.75	7,678,413	7,578,413
2013 B	5/2/2013	56,420,000	6/1/2034	2 to 4	N/A	54,170,000
2014 A	3/7/2014	1,800,000	6/1/2034	1.75	1,778,329	1,704,329
2014 C	3/7/2014	5,400,000	6/1/2034	1.75	5,048,323	5,047,323
2014 D	3/7/2014	6,000,000	6/1/2034	1.75	6,000,000	5,999,000
2015A	1/30/2015	9,300,000	6/1/2034	1.75	8,049,196	8,049,196
2015B	1/30/2015	370,000	6/1/2034	1.75	236,881	231,881
2015C	1/30/2015	1,600,000	6/1/2034	1.75	1,089,053	1,089,053
2015D	1/30/2015	3,000,000	6/1/2034	0	1,007,904	1,007,904
2015E	5/11/2015	32,020,000	6/1/2036	2.25 to 5	N/A	32,020,000
					Balance due	351,281,730
			Amount due within one year			11,524,000
			Long-term revenue bonds payable			$ 339,757,730

* Series SRF 4, 6 and 7 were assumed from the City of Des Moines.

Note 5. Employee Benefits and Revenue Bonds (Continued)

The outstanding revenue bonds mature as follows:

Fiscal Year:	Principal	Interest
2016	$ 11,524,000	$ 13,834,676
2017	11,464,904	13,452,318
2018	11,808,000	13,064,663
2019	11,219,000	12,664,286
2020	11,860,000	12,232,570
2021 - 2025	66,530,000	53,638,555
2026 - 2030	76,971,933	38,891,925
2031 - 2035	77,592,431	20,759,106
2036 - 2040	53,161,000	7,513,148
2041 - 2044	19,150,462	1,025,081
	$ 351,281,730	$ 187,076,328

Note 6. Commitments and Contingencies

Construction contracts: WRA has signed construction contracts with remaining commitments of approximately $3,940,000 as of June 30, 2015. Commitments on construction projects are funded primarily by state revolving loan program funds.

Litigation: WRA is subject to litigation in the normal course of operations. Management does not expect a material adverse outcome as a result of these actions.

Note 7. Risk Management

The WRA system is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions, and natural disasters. WRA carries commercial insurance for general liability claims. Settled claims did not exceed commercial coverage in the past three years.

Des Moines is self-insured for medical benefits. WRA makes monthly contributions to Des Moines' Self Insurance Fund for medical claims based on a budgeted per-member amount. Any unpaid claims, or incurred but not reported claims, are a liability of Des Moines' Insurance Fund.

Note 8. Retirement System

As a direct allocation from Des Moines, WRA contributes the current required contributions as stated in the operating contractor agreement for the employees working for WRA related to the Iowa Public Employees' Retirement System (IPERS). IPERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members for the years ended June 30, 2015 and 2014 were required to contribute 5.95 percent of their annual covered salary and Des Moines was required to contribute 8.93 percent of annual payroll for the years ended June 30, 2015 and 2014. Contribution requirements are established by State statute. The WRA's direct allocation of the contribution to IPERS for the years ended June 30, 2015, 2014, and 2013 were approximately $595,000, $579,000 and $538,000, respectively, equal to the required contributions for each year.

Note 9. Other Postemployment Benefits

Plan description: Des Moines has a single-employer health care plan that provides medical, prescription drugs and dental benefits to all active and retired employees and their eligible dependents including employees working for WRA. Employees who have attained age 55 and retire from active employment are eligible for retiree benefits. Eligible retirees and their dependents receive medical and prescription coverage through a fully-insured plan with Wellmark BCBS and dental benefits through a self-insured plan. These are the same plans that are available for active employees.

Contributions are required for both retiree and dependent coverage. The contributions for each insured group is assumed to be the expected, composite per capita cost for the group. This composite is then disaggregated into an age-specific starting cost curve based on the average age of the group and for assumptions for age-based morbidity. The average age of the pre-65 retiree group is 62. Retiree expenses are then offset by monthly contributions. The plan does not issue a publicly available financial report.

Funding policy: Des Moines establishes and amends contribution requirements. The current funding policy of Des Moines is to pay health claims as they occur. This arrangement does not qualify as other postemployment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45 for current GASB reporting. The required contribution is based on projected pay-as-you-go financing. For fiscal years 2015 and 2014, WRA contributed $22,307 and $23,231, respectively.

Annual OPEB cost and net OPEB obligation: WRA's allocation of Des Moines' annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Note 9. Other Postemployment Benefits (Continued)

The following table shows the components of WRA's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the WRA's annual OPEB obligation for the years ended June 30, 2015 and 2014:

	2015	2014
Annual required contribution	$ 86,140	$ 90,451
Interest on net OPEB obligation	12,730	10,022
Adjustment to annual required contribution	(17,060)	(13,673)
Annual OPEB cost (expense)	81,810	86,800
Contributions and payments made	22,307	23,231
Increase in net OPEB obligation	59,503	63,569
Net OPEB obligation, beginning of year	286,286	222,717
Net OPEB obligation, end of year	$ 345,789	$ 286,286

WRA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2015, 2014 and 2013 follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$ 81,810	27.3%	$ 345,789
June 30, 2014	86,800	26.8	286,286
June 30, 2013	82,603	45.7	222,717

Funding status and funding progress as of June 30, 2015: As of July 1, 2013, the most recent actuarial valuation date, the plan was not funded. WRA's actuarial accrued liability for benefits was $598,220 and the actuarial value of assets is zero resulting in an unfunded actuarial accrued liability (UAAL) of ($598,220). The covered payroll (annual payroll of active employees covered by the plan) was $6,655,131 and the ratio of the UAAL to the covered payroll was 9.0 percent.

Funding status and funding progress as of June 30, 2014: As of July 1, 2013, the most recent actuarial valuation date, the plan was not funded. WRA's actuarial accrued liability for benefits was $598,220 and the actuarial value of assets is zero resulting in an unfunded actuarial accrued liability (UAAL) of ($598,220). The covered payroll (annual payroll of active employees covered by the plan) was $6,483,600 and the ratio of the UAAL to the covered payroll was 9.2 percent.

Actuarial estimates of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 9. Other Postemployment Benefits (Continued)

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, project unit credit method was used. The actuarial assumptions included a 4.5 percent discount rate, an inflation rate of 3 percent and an annual health care cost trend rate of 9.0 percent reduced by decrements of .5 percent annually to an ultimate rate of 5 percent. The UAAL is being amortized as an open level dollar. The amortization of UAAL is done over a period of 30 years.

Note 10. New Pronouncements

As of June 30, 2015, the GASB has issued several statements not yet implemented by WRA. The statements which may impact WRA are as follows:

- GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the WRA with its year ending June 30, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The related disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the WRA beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

Note 10. New Pronouncements (Continued)

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* issued July 2015, will be effective for the WRA beginning with its fiscal year ending June 30, 2016. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The first category of authoritative GAAP consists of GASB Statements. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

The WRA's management has not yet determined the effect these statements will have on WRA's financial statements.

Des Moines Metropolitan Wastewater Reclamation Authority

Required Supplementary Information
Other Postemployment Benefit Plan

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2013	07/01/2011	$ -	$ 604,122	$ 604,122	- %	$ 6,336,200	9.5%
2014	07/01/2013	-	598,220	598,220	-	6,483,628	9.2
2015	**07/01/2013**	-	**598,220**	**598,220**	-	**6,655,131**	**9.0**

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2013. Additional information follows:

1. The cost method used to determine the ARC is the Project Unit Credit Actuarial Cost Method.
2. The amortization methods is open, level dollar.
3. Economic assumptions are as follows: health care cost trend rates of 9.0 percent reduced by decrements of .5 percent annually to an ultimate rate of 5.0 percent; discount rate of 4.5 percent; inflation rate of 3 percent.

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