Metro Waste Authority
Des Moines, Iowa

FINANCIAL REPORT

June 30, 2024 and 2023

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Metro Waste Authority
OFFICIALS

Name	Title	Representing
Dean O'Connor	Chair	Altoona
Rob Sarchet	Vice Chair	Polk City
Mark Holm	Member	Ankeny
Bob Peffer	Member	Bondurant
Ted Weaver	Member	Clive
Joe Gatto	Member	Des Moines
Angie Schaffer	Member	Elkhart
David Gisch	Member	Grimes
Bryan Burkhardt	Member	Johnston
Bill Roberts	Member	Mitchellville
Ed Kuhl	Member	Norwalk
Konnor Hodges	Member	Pleasant Hill
Tom Hockensmith	Member	Polk County
Jeremy Lindquist	Member	Runnells
Patricia Boddy	Member	Urbandale
Doug Loots	Member	West Des Moines
Susan Skeries	Member	Windsor Heights
Planning Area Members		
Bob Kramme		Alleman
Drew Merrifield		Carlisle
Kandi Petry		Hartford
Bob Perry		Mingo
Chad Alleger		Prairie City
Greg Geels		Sheldahl
Michael McCoy	Executive Director of Agency	
Kirk Irwin	Chief Financial Officer	

DENMAN

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Metro Waste Authority
Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Metro Waste Authority (the Agency) (a joint public body), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metro Waste Authority, as of June 30, 2024 and 2023, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro Waste Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Metro Waste Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Agency's proportionate share of the net pension liability, and the schedule of Agency pension contributions on pages 7 through 10 and 33 through 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024, on our consideration of Metro Waste Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metro Waste Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro Waste Authority's internal control over financial reporting and compliance.

Denman CPA LLP

Denman CPA LLP

West Des Moines, Iowa
December 10, 2024

Metro Waste Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Metro Waste Authority (the Agency), we offer readers of the financial statements this narrative overview and analysis of the financial performance for the fiscal years ended June 30, 2024 and 2023. We encourage readers to consider this information along with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The Agency provides safe, smart disposal and recycling options for residents and businesses primarily in the Central Iowa area and beyond. Here are some of the financial highlights from fiscal year 2024, with comparisons to the prior year:

- In FY 2024, total revenues were $61.7 million, reflecting an increase of 6%. Total expenses were $51.6 million, which was an increase of 13%. Surplus results for the year were $10.1 million, down from $12.6 million the prior year.
- Total assets as of the end of the year were $182.5 million, an increase of about $3.6 million, reflecting 2% growth. Restricted assets increased by $11.5 million, offset by a reduction in capital assets of $8.5 million. This decrease reflects investments in capital assets of $3.7 million, before consideration of $12.2 million of depreciation and amortization.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED FINANCIAL STATEMENTS

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

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

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

ANALYSIS OF THE AGENCY'S FINANCIAL POSITION

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

NET POSITION

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

Condensed Statements of Net Position

	FY 2024	FY 2023	$ Change	% Change	FY 2022
Assets and Deferred Outflows of Resources					
Current and other assets	$ 16,828,027	16,001,538	826,489	5%	22,377,584
Restricted assets	81,429,241	69,903,702	11,525,539	16%	59,472,483
Lease receivables	786,980	1,061,580	(274,600)	-26%	1,018,326
Capital assets	83,427,747	91,883,625	(8,455,878)	-9%	84,054,098
Total assets	182,471,995	178,850,445	3,621,550	2%	166,922,491
Deferred outflows of resources	2,094,773	1,249,426	845,347	68%	920,128
Liabilities and Deferred Inflows of Resources					
Current liabilities	5,815,764	12,282,421	(6,466,657)	-53%	10,779,315
Long-term debt	20,585,159	21,741,909	(1,156,750)	-5%	24,817,897
Closure and post closure costs	24,196,274	22,524,146	1,672,128	7%	20,827,745
Net pension liability	4,042,806	3,111,888	930,918	30%	101,550
Total liabilities	54,640,003	59,660,364	(5,020,361)	-8%	56,526,507
Deferred inflows of resources	644,087	1,274,858	(630,771)	-49%	4,749,583
Net position					
Net invested in capital assets	61,882,588	64,347,513	(2,464,925)	-4%	53,790,398
Restricted for transfer station closure	-	320,000	(320,000)	-100%	320,000
Unrestricted	67,400,090	54,497,136	12,902,954	24%	52,456,131
Total net position	$ 129,282,678	119,164,649	10,118,029	8%	106,566,529

The Agency's net position increased $10.1 million in FY 2024, reflecting the surplus of revenues over expenses in the year. Surplus funds were invested in restricted assets, with the end of year balance reflecting an increase of $11.5 million. Expenses include non-cash depreciation and amortization expenses of $12.2 million, which added to available funds. Investments in capital assets were $3.7 million and decrease in current liabilities and long-term debt during the year totaled $7.6 million.

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

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

REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

	FY 2024	FY 2023	$ Change	% Change	FY 2022
Revenues					
Operating revenues	$ 57,688,042	56,433,211	1,254,831	2%	52,438,779
Investment income (loss)	3,936,912	1,478,270	2,458,642	166%	(982,889)
Nonoperating revenues	99,264	557,104	(457,840)	-82%	1,096,499
Total revenues	61,724,218	58,468,585	3,255,633	6%	52,552,389
Expenses					
Operating expenses	38,823,330	35,489,871	3,333,459	9%	32,434,849
Depreciation	12,234,121	9,790,728	2,443,393	25%	9,017,688
Non-operating expenses	548,738	589,866	(41,128)	-7%	626,826
Total expenses	51,606,189	45,870,465	5,735,724	13%	42,079,363
Change in net position	10,118,029	12,598,120			10,473,026
Beginning net position	119,164,649	106,566,529			96,093,503
Ending net position	$ 129,282,678	119,164,649			106,566,529

Current year revenues were $61.7 million, reflecting an increase of $3.3 million (6%) over the prior year. Of the increase, $1.3 million is attributable to an increase in regular operating revenues and $2.5 million reflects an increase in investment income compared to last year, offset by a decline in nonoperating revenues of $.5 million compared to last year.

Operating revenues in the current year reflect a decrease in revenues at the Metro Park East landfill due to significant nonrecurring activity compared to the prior year. Before that decrease in revenues, all other revenues increased by 13% overall, including growth in revenues from solid waste contract management, recycling programs, Metro Recycling Facility activities and other sources.

Total expenses were $51.6 million, an increase of $5.7 million (13%) over the prior year. The increase in operating expenses reflects increases related to solid waste contract management, recycling, and compost collection, which are largely offset by increased revenues. In addition, the increase reflects higher personnel costs. Depreciation and amortization expense increased $2.4 million year over year, a 25% increase. That amount is primarily attributable to the amortization of the landfill cells, which is based on the annual estimate of cell utilization and remaining life, based on current efficiency of utilization.

The change in net position as of the end of the year reflects the surplus of revenues over expenses of $10.1 million in the current year, down from the prior year's surplus of $12.6 million, reflecting the nonrecurring revenue source from the prior year. Management believes it is necessary for the Agency to operate at a surplus in order to generate funds that can be invested in order to generate earnings that will allow the Agency to meet its current and future obligations in terms of capital needs for future asset replacement, ongoing landfill cell development, and future obligations related to landfill closure and postclosure costs.

CAPITAL ASSETS

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

Capital Assets

	FY 2024	FY 2023	$ Change	% Change	FY 2022
Asset Type:					
Land & land improvements	$ 22,834,132	22,834,132	-	0%	22,835,276
Buildings & building improvements	59,594,594	59,185,752	408,842	1%	58,581,714
Landfill cell development	51,155,705	47,172,225	3,983,480	8%	34,802,022
Wetlands treatment facility	4,408,832	4,408,832	-	0%	4,408,832
Equipment	63,299,940	60,354,224	2,945,716	5%	56,962,157
Work in process	364,924	3,954,400	(3,589,476)	-91%	2,746,641
Subtotal	201,658,127	197,909,565	3,748,562	2%	180,336,642
Less: accumulated depreciation	118,230,380	106,025,940	12,204,440	12%	96,282,544
Net capital assets	$ 83,427,747	91,883,625	(8,455,878)	-9%	84,054,098

The decrease in capital assets in FY 2024 reflects a total of $3.7 million in capital spending across the Agency, while depreciation expense totaled $12.2 million during the year. The Agency's operations are capital-intensive and managing present and future capital needs are a primary focus of the Agency's management. For this reason, it is critical that the Agency continues to generate surplus results in a manner that allows it to meet those future needs, as well as ensure it is appropriately funding capital needs.

LONG-TERM DEBT

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

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

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

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

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

Metro Waste Authority
STATEMENTS OF NET POSITION

	June 30 2024	June 30 2023
CURRENT ASSETS		
Cash and cash equivalents	$ 7,095,138	$ 7,724,145
Accounts receivable, less allowance for uncollectible accounts 2024 and 2023 $100,000	8,187,902	7,777,410
Insurance recoveries receivable	830,989	–
Prepaid expenses, accrued interest and other assets	477,308	184,748
Inventories	236,690	315,235
Total current assets	16,828,027	16,001,538
ASSETS WHOSE USE IS LIMITED		
Investments	81,429,241	69,903,702
LEASE RECEIVABLES	786,980	1,061,580
CAPITAL ASSETS	201,658,127	197,909,565
Less accumulated depreciation and amortization	118,230,380	106,025,940
Total capital assets	83,427,747	91,883,625
Total assets	182,471,995	178,850,445
DEFERRED OUTFLOWS OF RESOURCES		
Pension	2,094,773	1,249,426
CURRENT LIABILITIES		
Current portion of notes payable	960,000	2,850,000
Construction contracts payable	–	2,944,203
Trade accounts payable	2,425,646	3,707,209
Landfill tax payable	426,579	787,791
Accrued payroll and employee benefits	1,589,531	1,644,215
Other accrued expenses	414,008	349,003
Total current liabilities	5,815,764	12,282,421
LONG-TERM LIABILITIES		
Notes payable, net of current portion	20,585,159	21,741,909
Accrued closure and postclosure care costs	24,196,274	22,524,146
Net pension liability	4,042,806	3,111,888
Total long-term liabilities	48,824,239	47,377,943
Total liabilities	54,640,003	59,660,364
DEFERRED INFLOWS OF RESOURCES		
Leases	618,988	873,508
Pension	25,099	401,350
Total deferred inflows of resources	644,087	1,274,858
NET POSITION		
Net investment in capital assets	61,882,588	64,347,513
Restricted for transfer station closure	–	320,000
Unrestricted	67,400,090	54,497,136
Total net position	$129,282,678	$119,164,649

See Notes to Financial Statements.

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

	Year ended June 30	
	2024	**2023**
REVENUES		
Landfills, transfer stations, compost, hazardous waste, recycling programs, and rental	$ 57,688,042	$ 56,433,211
OPERATING EXPENSES		
Operating expenses (excluding depreciation and amortization)	37,120,432	33,746,195
Provision for landfills and transfer stations closure and postclosure care costs	1,702,898	1,743,676
Operating income before depreciation and amortization	18,864,712	20,943,340
DEPRECIATION AND AMORTIZATION		
Depreciation	7,144,758	7,171,341
Amortization	5,089,363	2,619,387
	12,234,121	9,790,728
Operating income	6,630,591	11,152,612
NONOPERATING REVENUES (EXPENSES)		
Farm income, net of related expenses	60,479	149,152
Grant revenue	–	76,664
Investment income	3,936,912	1,478,270
Gain on sale of capital assets	21,062	3,681
Interest expense	(548,738)	(589,866)
Other	17,723	327,607
Total nonoperating revenues (expenses)	3,487,438	1,445,508
Change in net position	10,118,029	12,598,120
NET POSITION, beginning of year	119,164,649	106,566,529
NET POSITION, end of year	$129,282,678	$119,164,649

See Notes to Financial Statements.

Metro Waste Authority
STATEMENTS OF CASH FLOWS

	Year ended June 30	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$56,991,562	$54,458,227
Cash paid to suppliers for goods and services	(30,574,132)	(24,039,166)
Cash paid to employees for services	(9,108,822)	(8,479,763)
Cash paid to municipalities for facility host fees	(241,704)	(364,019)
Community clean up grants paid	(13,088)	(12,110)
Net cash flows from operating activities	17,053,816	21,563,169
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on notes payable	(2,850,000)	(2,630,000)
Interest paid on notes payable	(752,100)	(821,650)
Purchase of capital assets	(6,722,446)	(17,749,799)
Cash received on sale of capital assets	21,062	4,825
Payments for landfill cell closure	(30,770)	(47,275)
Grants received	–	76,664
Net cash flow from capital and related financing activities	(10,334,254)	(21,167,235)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	254,574	–
Purchase of investments	(8,250,859)	(9,048,350)
Interest received	263,446	55,756
Net cash received from leasing and other activities	384,270	773,581
Net cash flow from investing activities	(7,348,569)	(8,219,013)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(629,007)	(7,823,079)
CASH AND CASH EQUIVALENTS		
Beginning	7,724,145	15,547,224
Ending	$ 7,095,138	$ 7,724,145

See Notes to Financial Statements.

Metro Waste Authority
STATEMENTS OF CASH FLOWS (continued)

	Year ended June 30	
	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	$ 6,630,591	$11,152,612
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation and amortization	12,234,121	9,790,728
Provision for closure and postclosure care costs	1,702,898	1,743,676
Lease revenue	(285,988)	(413,460)
Changes in assets and liabilities		
Accounts receivable	(410,492)	(1,561,524)
Insurance recoveries receivable	(830,989)	–
Prepaid expenses and other assets, net of investing activities	(148,348)	166,193
Inventories	78,545	(12,057)
Deferred outflows of resources	(845,347)	(329,298)
Payables, net of amounts for capital assets	(1,642,775)	1,274,422
Accrued payroll and employee benefits	16,933	142,880
Net pension liability	930,918	3,010,338
Deferred inflows of resources	(376,251)	(3,401,341)
Net cash flows from operating activities	$17,053,816	$21,563,169

See Notes to Financial Statements.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Measurement Focus and Basis of Accounting

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

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

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

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

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

Accounts Receivable

Disposal, recycling, hazardous waste collection, and other fees and service revenues are recorded at the time of service. The Agency provides for an allowance for uncollectible accounts that is estimated based on the Agency's historical losses, the existing economic conditions and the financial stability of the customers. The amount of the allowance for uncollectible as of June 30, 2024 and 2023 was $100,000. Receivables are written off when they are determined to be uncollectible.

Inventories

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

Capital Assets

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

Landfill improvements	5 to 10 years
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 Agency amortizes landfill cell development costs on a units-of-consumption basis over its operating life, on a cubic yard of disposal space consumed. Landfill cell development costs are fully amortized at the end of a landfill cell's operating life. The per-unit amortization rate is calculated by dividing the sum of landfill cell development net book value plus estimated future development costs for the landfill cell, by the landfill cell's estimated remaining disposal capacity.

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

Leases

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

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Landfill Tax Payable

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

Compensated Absences

Agency employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. The 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, 2024 and 2023, respectively.

Landfill Closure and Postclosure Care Costs

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

Investments and Investment Income

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

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. 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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Net Position

Net position is presented in the following three components:

Net investment in Capital Assets

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

Restricted

This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted

Unrestricted net position has no externally imposed restrictions on use.

Accounting Estimates and Assumptions

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

NOTE 2 CASH AND INVESTMENTS

The Agency's deposits in banks at June 30, 2024 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

Security Description	Investment Maturities as of June 30, 2024 (in Years) Fair Value	Less Than 1	1 – 5	More Than 5
Cash equivalents	$39,044,562	$39,044,562	$ –	$ –
Federal Farm Credit Bank	5,509,704	–	5,509,704	–
FMCC	13,759,175	–	13,759,175	–
FHLB	14,410,034	–	14,410,034	–
FNMA	2,242,861	–	2,225,541	17,320
Treasury note	6,462,905	–	6,462,905	–
	$81,429,241	$39,044,562	$42,367,359	$ 17,320

Security Description	Investment Maturities as of June 30, 2023 (in Years) Fair Value	Less Than 1	1 – 5	More Than 5
Cash equivalents	$48,601,481	$48,601,481	$ –	$ –
Federal Farm Credit Bank	7,949,651	–	7,949,651	–
FMCC	2,405,110	–	2,405,110	–
FHLB	9,008,213	–	9,008,213	–
FNMA	1,684,673	–	1,663,977	20,696
Certificates of deposit	254,574	–	254,574	–
	$69,903,702	$48,601,481	$21,281,525	$ 20,696

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

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

Credit Risk. The Agency's investment policy does not limit its investment portfolio based upon credit quality of the issuer. At June 30, 2024, all of the Agency's investments subject to credit quality ratings were rated AAA by Moody's Investor Service.

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

NOTE 3 ASSETS WHOSE USE IS LIMITED

Assets whose use is limited at June 30, 2024 and 2023 were limited for the following purposes:

	June 30	
	2024	**2023**
Legally restricted assets whose use is limited		
Closure and postclosure care costs – landfills	$23,876,274	$22,524,146
Closure costs – transfer stations	320,000	320,000
Landfill taxes payable	426,579	787,791
Notes payable, sinking fund balance	402,601	315,529
Total	25,025,454	23,947,466
Designated assets		
Capital projects	55,803,787	45,356,236
Environmental contingencies	600,000	600,000
Total	56,403,787	45,956,236
Total assets whose use is limited	$81,429,241	$69,903,702

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

NOTE 4 CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	Disposals	Transfers	Balance June 30, 2024
Metro Park East Landfill					
Land	$ 8,419,151	$ –	$ –	$ –	$ 8,419,151
Building	16,001,387	17,460	(8,140)	327,108	16,337,815
Landfill improvements	2,476,970	–	–	–	2,476,970
Landfill cell development	43,799,692	–	–	–	43,799,692
Wetlands treatment facility	4,408,832	–	–	–	4,408,832
	75,106,032	17,460	(8,140)	327,108	75,442,460
Metro Park West Landfill					
Land	4,682,614	–	–	–	4,682,614
Land improvements	454,291	–	–	–	454,291
Building	264,115	–	–	–	264,115
Landfill cell development	3,372,533	397,161	–	3,586,319	7,356,013
	8,773,553	397,161	–	3,586,319	12,757,033
Metro Northwest Transfer Station					
Land	1,899,162	–	–	–	1,899,162
Building	9,443,464	48,485	–	–	9,491,949
Land improvements	3,928,184	–	–	–	3,928,184
	15,270,810	48,485	–	–	15,319,295
Metro Central Transfer Station					
Land	89,221	–	–	–	89,221
Land improvements	217,643	–	–	–	217,643
Building	5,036,063	41,446	–	–	5,077,509
	5,342,927	41,446	–	–	5,384,373
Metro Compost Center					
Leasehold improvements	1,507,780	–	–	–	1,507,780
Metro Hazardous Waste Drop-Off					
Land	168,896	–	–	–	168,896
Building	3,202,740	–	–	–	3,202,740
	3,371,636	–	–	–	3,371,636
300 East Locust Office Building					
Land	498,000	–	–	–	498,000
Building	8,009,679	–	(11,213)	–	7,998,466
	8,507,679	–	(11,213)	–	8,496,466
Metro Recycling Facility					
Building	15,720,524	–	(6,304)	–	15,714,220
Automobiles, trucks and other equipment					
Office equipment - Central Office and Landfills	1,765,676	46,772	(29,676)	–	1,782,772
Landfills	25,707,827	871,262	–	–	26,579,089
Metro Central Transfer Station	6,746,921	50,674	–	235,120	7,032,715
Metro Hazardous Waste Drop-Off	828,735	309,020	–	–	1,137,755
Recycling Programs	5,489,836	265,475	–	–	5,755,311
Metro Compost Center	3,588,815	–	–	–	3,588,815
Metro Northwest Transfer Station	2,112,936	38,757	–	–	2,151,693
Metro Recycling Facility	14,113,478	1,240,659	(82,347)	–	15,271,790
	60,354,224	2,822,619	(112,023)	235,120	63,299,940
Construction in progress	3,954,400	559,071	–	(4,148,547)	364,924
Totals	197,909,565	3,886,242	(137,680)	–	201,658,127
Less accumulated depreciation and amortization	(106,025,940)	(12,234,121)	29,681	–	(118,230,380)
Net capital assets	$ 91,883,625	$ (8,347,879)	$ (107,999)	$ –	$ 83,427,747

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (continued)

During the year ended June 30, 2023, capital asset additions and disposals by type were as follows:

	Balance July 1, 2022	Additions	Disposals	Transfers	Balance June 30, 2023
Metro Park East Landfill					
Land	$ 8,419,151	$ –	$ –	$ –	$ 8,419,151
Building	15,944,708	56,679	–	–	16,001,387
Landfill improvements	2,478,114	–	(1,144)	–	2,476,970
Landfill cell development	31,429,489	–	–	12,370,203	43,799,692
Wetlands treatment facility	4,408,832	–	–	–	4,408,832
	62,680,294	56,679	(1,144)	12,370,203	75,106,032
Metro Park West Landfill					
Land	4,682,614	–	–	–	4,682,614
Land improvements	454,292	–	–	–	454,292
Building	264,114	–	–	–	264,114
Landfill cell development	3,372,533	–	–	–	3,372,533
	8,773,553	–	–	–	8,773,553
Metro Northwest Transfer Station					
Land	1,899,162	–	–	–	1,899,162
Building	9,443,464	–	–	–	9,443,464
Land improvements	3,928,184	–	–	–	3,928,184
	15,270,810	–	–	–	15,270,810
Metro Central Transfer Station					
Land	89,221	–	–	–	89,221
Land improvements	217,643	–	–	–	217,643
Building	5,036,063	–	–	–	5,036,063
	5,342,927	–	–	–	5,342,927
Metro Compost Center					
Leasehold improvements	1,507,780	–	–	–	1,507,780
Metro Hazardous Waster Drop-Off					
Land	168,896	–	–	–	168,896
Building	3,181,873	20,867	–	–	3,202,740
	3,350,769	20,867	–	–	3,371,636
300 East Locust Office Building					
Land	498,000	–	–	–	498,000
Building	7,777,334	–	–	232,345	8,009,679
	8,275,334	–	–	232,345	8,507,679
Metro Recycling Facility					
Building	15,426,377	294,147	–	–	15,720,524
Automobiles, trucks and other equipment					
Office equipment - Central Office and Landfills	1,765,676	–	–	–	1,765,676
Landfill	23,434,879	1,732,509	(47,331)	587,770	25,707,827
Metro Central Transfer Station	6,746,921	–	–	–	6,746,921
Metro Hazardous Waste Drop Off	828,735	–	–	–	828,735
Recycling Programs	5,161,619	–	–	328,217	5,489,836
Metro Compost Center	3,588,815	–	–	–	3,588,815
Metro Northwest Transfer Station	1,803,093	309,843	–	–	2,112,936
Metro Recycling Facility	13,632,419	481,059	–	–	14,113,478
	56,962,157	2,523,411	(47,331)	915,987	60,354,224
Construction in progress	2,746,641	14,726,294	–	(13,518,535)	3,954,400
Totals	180,336,642	17,621,398	(48,475)	–	197,909,565
Less accumulated depreciation and amortization	(96,282,544)	(9,790,728)	47,332	–	(106,025,940)
Net capital assets	$ 84,054,098	$ 7,830,670	$ (1,143)	$ –	$ 91,883,625

NOTE 4 CAPITAL ASSETS (continued)

Land with a carrying value of approximately $9,535,000 was not used in the landfill operations as of June 30, 2024 and 2023. Of this amount, approximately $8,302,000 was leased or farmed as farmland as of June 30, 2024 and 2023.

NOTE 5 NOTES PAYABLE

Notes payable at June 30, 2024 and 2023 are summarized as follows:

	2024	2023
General Obligation Capital Loan Notes Series 2020A	$20,405,000	$21,150,000
General Obligation Capital Loan Notes Series 2020B	–	2,105,000
	20,405,000	23,255,000
Less current portion	(960,000)	(2,850,000)
Plus unamortized bond premium	1,140,159	1,336,909
Long-term debt	$20,585,159	$21,741,909

General Obligation Capital Loan Notes, Series 2020

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

Principal and interest maturities of the notes payable at June 30, 2024 are summarized as follows:

Year ending June 30	Principal	Interest	Total
2025	$ 960,000	$ 672,750	$ 1,632,750
2026	1,010,000	624,750	1,634,750
2027	1,060,000	574,250	1,634,250
2028	1,115,000	521,250	1,636,250
2029	1,145,000	487,800	1,632,800
2030-2034	6,265,000	1,902,600	8,167,600
2035-2039	7,265,000	904,350	8,169,350
2040	1,585,000	47,550	1,632,550
Totals	$20,405,000	$5,735,300	$26,140,300

NOTE 5 NOTES PAYABLE (continued)

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

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

A summary of changes in notes payable for the year ended June 30, 2023 follows:

	Beginning balance	Additions	Principal payments	Ending balance	Amounts due within one year
GO Capital Loan Notes, Series 2020A	$21,715,000	$ –	$ 565,000	$21,150,000	$ 745,000
GO Capital Loan Notes, Series 2020B	4,170,000	–	2,065,000	2,105,000	2,105,000
Totals	$25,885,000	$ –	$2,630,000	$23,255,000	$2,850,000

NOTE 6 CLOSURE AND POSTCLOSURE CARE COSTS

To comply with federal and state regulations, the Agency 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 landfills 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.

The Agency 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.

Transfer stations closure care

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

NOTE 6 CLOSURE AND POSTCLOSURE CARE COSTS (continued)

Transfer stations closure care (continued)

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

The total closure care costs for both transfer stations as of June 30, 2024 and 2023 have been estimated at $320,000. The balance is fully funded at June 30, 2024 and 2023.

The Agency's estimated closure and postclosure care liabilities are as follows as of June 30, 2024 and 2023:

	June 30	
	2024	2023
Postclosure care – landfills	$ 9,700,389	$ 9,485,865
Closure costs – landfills	14,175,885	13,038,281
Closure costs – transfer stations	320,000	–
Totals	$24,196,274	$22,524,146

The provision for landfill and transfer station closure and postclosure care costs recognized for the years ended June 30, 2024 and 2023 is as follows:

	Year ended June 30	
	2024	2023
Provision for postclosure care – landfills	$ 245,294	$ (5,956)
Provision for closure costs – landfills	1,137,604	1,749,632
Provision for closure costs – transfer stations	320,000	–
Totals	$1,702,898	$1,743,676

The total landfill closure and postclosure care costs for the Agency have been estimated at approximately $28,538,000 as of June 30, 2024, and the portion of the liability that has been recognized is $23,876,274. This liability represents the cumulative amount reported to date based on the use of approximately 82 percent of the capacity of the developed landfill less payments for cell closure, with a remaining life of approximately 2.77 years. A provision for the above liability has been made on the Agency's statements of net position as of June 30, 2024 and 2023. The Agency has accumulated resources to fund these costs. They are included in assets whose use is limited on the statements of net position and total $23,876,274 and $22,524,146 as of June 30, 2024 and 2023, respectively.

NOTE 7 SOLID WASTE TONNAGE FEES RETAINED

The Agency has established an account for restricting and using solid waste tonnage fees retained by the Agency in accordance with Chapter 455B.310 of the Code of Iowa and DNR guidelines. As of June 30, 2024 and 2023, there were no unspent amounts retained by the Agency.

NOTE 8 PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

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

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

Disability and Death Benefits

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

Contributions

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

NOTE 8 PENSION PLAN (continued)

Contributions (continued)

In fiscal years 2024 and 2023, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the Agency contributed 9.44% for a total rate of 15.73%.

The Agency's contributions to IPERS for the years ended June 30, 2024 and 2023 were $790,736 and $755,237, respectively.

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

At June 30, 2024 and 2023, the Agency reported a liability of $4,042,806 and $3,111,888, respectively, for its proportionate share of the net pension liability. The Agency's net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. The following table summarizes the change in the Agency's proportionate share:

	Measurement Date June 30		
	2023	2022	Change
Agency's proportionate share	0.089568%	0.082365%	0.007203%
	2022	2021	Change
Agency's proportionate share	0.082365%	(0.029415)%	0.111781%

For the years ended June 30, 2024 and 2023, the Agency recognized pension expense of $500,056 and $34,936, respectively. At June 30, 2024 and 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension Related Deferred			
	Outflows of Resources		Inflows of Resources	
	2024	2023	2024	2023
Difference between expected and actual experience	$ 342,027	$ 137,950	$ 16,617	$ 42,626
Change in assumptions	–	2,640	64	74
Net difference between projected and actual earnings on pension plan investments	374,413	–	–	333,118
Change in proportion and difference between Agency contributions and proportionate share of contributions	587,597	353,599	8,418	25,532
Agency contributions subsequent to the measurement date	790,736	755,237	–	–
Totals	$2,094,773	$1,249,426	$ 25,099	$ 401,350

NOTE 8 PENSION PLAN (continued)

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

$790,736 and $755,237 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending June 30, 2025 and 2024, 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,	
2025	$ 54,320
2026	(137,428)
2027	1,056,174
2028	255,865
2029	50,007
Totals	$1,278,938

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2023 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, 2023 valuation were based on the results of a quadrennial experience study covering the period July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

NOTE 8 PENSION PLAN (continued)

Actuarial Assumptions (continued)

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	100.0%	

Discount Rate

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

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

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Agency's proportionate share of the net pension liability as of June 30, 2024	$8,595,906	$4,042,806	$ 227,233
Agency's proportionate share of the net pension liability as of June 30, 2023	$5,797,821	$3,111,888	$ 744,842

NOTE 8 PENSION PLAN (continued)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2024 and 2023, the Agency reported payables to the defined benefit pension plan of approximately $60,000 and $84,000, respectively, for legally required employer contributions and approximately $40,000 and $56,000, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 9 RISK MANAGEMENT

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

The Agency is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 803 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: property, general liability, automobile liability, employment practices liability, public officials' liability, cyber liability, and crime liability. There have been no reductions in insurance coverage from prior years.

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

The Agency's contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The Agency's contributions to the Pool for the years ended June 30, 2024 and 2023 were $404,753 and $363,751, respectively.

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

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

NOTE 9 RISK MANAGEMENT (continued)

The Agency does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2024 and 2023, no liability has been recorded in the Agency's financial statements. As of June 30, 2024 and 2023, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

NOTE 10 CONTINGENCIES

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

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

On September 12, 2023, a fire broke out at the Agency's Metro Recycling Facility which caused significant damage and disruption to the facility. The facility resumed full operations on November 13, 2023. Damage to the facility and equipment totaled approximately $1,950,000 and will be covered by the Agency's insurance policies. In fiscal year 2024, the Agency received approximately $1,100,000 in insurance proceeds related to the fire. The remaining $830,989 in insurance proceeds have been recognized on the accompanying statement of net position as insurance recoveries receivable. Subsequent to fiscal year-end, the Agency received approximately $700,000 from the carrier as final settlement on the claim, under its business interruption policy. However, amounts were not yet determinable as of year-end and, therefore, have not been recognized within these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	June 30				
	2024	**2023**	**2022**	**2021**	**2020**
Agency's proportion of the net pension liability	0.089568%	0.082365%	(.029415)%	.069429%	.070181%
Agency's proportionate share of the net pension liability	$4,043	$3,112	$102	$4,877	$4,064
Agency covered payroll	$8,376	$8,000	$6,751	$5,898	$5,558
Agency's proportionate share of the net pension liability as a percentage of its total covered payroll	48%	39%	2%	83%	73%
IPERS net position as a percentage of the total pension liability	90%	91%	101%	83%	85%

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

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

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

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

	Year ended June 30				
	2024	**2023**	**2022**	**2021**	**2020**
Statutory required contribution	$ 791	$ 755	$ 638	$ 557	$ 525
Contributions in relation to the statutorily required contribution	791	755	638	557	525
Contribution deficiency (excess)	$ –	$ –	$ –	$ –	$ –
Agency's covered payroll	$8,376	$8,000	$6,751	$5,898	$5,558
Contributions as a percentage of covered payroll	9.4%	9.4%	9.4%	9.4%	9.4%

	Year ended June 30				
	2019	**2018**	**2017**	**2016**	**2015**
Statutory required contribution	$ 504	$ 480	$ 473	$ 463	$ 439
Contributions in relation to the statutorily required contribution	504	480	473	463	439
Contribution deficiency (excess)	$ –	$ –	$ –	$ –	$ –
Agency's covered payroll	$5,341	$5,384	$5,383	$5,248	$4,928
Contributions as a percentage of covered payroll	9.4%	8.9%	8.8%	8.8%	8.9%

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

Metro Waste Authority
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year ended June 30, 2024

CHANGES OF BENEFIT TERMS

There are no significant changes in benefit terms.

CHANGES OF ASSUMPTIONS

The 2023 valuation incorporated the following refinements after a quadrennial experience study:

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

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

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

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

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

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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, 2024 and 2023, and our report thereon dated December 10, 2024, which contained an unmodified opinion on those financial statements, appears on pages 4 through 6. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The following supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked “unaudited”, has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements for the eight years ended June 30, 2022 (which are not presented herein), and we expressed unmodified opinions on those financial statements.

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

Denman CPA LLP

Denman CPA LLP

West Des Moines, Iowa
December 10, 2024

Metro Waste Authority
COMBINING STATEMENT OF REVENUES AND EXPENSES BY DEPARTMENT
Year ended June 30, 2024

	Combined	Metro Park East Landfill	Metro Park West Landfill	Metro Transfer Station	Metro Compost Center
REVENUES					
Tipping fees, service fees and rental revenue	$57,688,042	$19,025,895	$1,705,250	$12,549,375	$3,499,092
EXPENSES					
Operating expenses (excluding depreciation and amortization)	37,120,432	8,463,989	846,666	3,293,320	3,184,936
Provision for landfills and transfer stations closure and postclosure care costs	1,702,898	1,969,745	(266,847)	–	–
Total operating expenses	38,823,330	10,433,734	579,819	3,293,320	3,184,936
Operating income (loss) before depreciation and amortization	18,864,712	8,592,161	1,125,431	9,256,055	314,156
DEPRECIATION AND AMORTIZATION					
Depreciation	7,144,758	2,262,763	397,705	1,741,227	250,016
Amortization	5,089,363	3,627,938	1,461,425	–	–
	12,234,121	5,890,701	1,859,130	1,741,227	250,016
Operating income (loss)	6,630,591	2,701,460	(733,699)	7,514,828	64,140
NONOPERATING REVENUES (EXPENSES)					
Farm income, net of related expenses	60,479	60,479	–	–	–
Investment income	3,936,912	–	–	–	–
Gain on sale of capital assets	21,062	–	–	–	–
Interest expense	(548,738)	–	–	(19,183)	–
Other revenues (expenses)	17,723	24,001	660	–	–
Total nonoperating revenues (expenses)	3,487,438	84,480	660	(19,183)	–
Increase (decrease) in net position	$10,118,029	$ 2,785,940	$ (733,039)	$ 7,495,645	$ 64,140

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

Metro Waste Authority
COMBINING STATEMENT OF REVENUES AND EXPENSES BY DEPARTMENT (continued)
Year ended June 30, 2024

	Metro Hazardous Waste Drop-Off	Metro Recycling Facility	Recycling Programs	Rental-300 East Locust	Central Office*
REVENUES					
Tipping fees, service fees and rental revenue	$1,116,560	$5,020,306	$6,542,945	$ 599,319	$ 7,629,300
EXPENSES					
Operating expenses (excluding depreciation and amortization)	1,369,856	3,532,337	5,803,932	490,201	10,135,195
Provision for landfill closure and postclosure care costs	–	–	–	–	–
Total operating expenses	1,369,856	3,532,337	5,803,932	490,201	10,135,195
Operating income (loss) before depreciation and amortization	(253,296)	1,487,969	739,013	109,118	(2,505,896)
DEPRECIATION AND AMORTIZATION					
Depreciation	157,541	1,853,650	161,268	248,682	71,906
Amortization	–	–	–	–	–
	157,541	1,853,650	161,268	248,682	71,906
Operating income (loss)	(410,837)	(365,681)	577,745	(139,564)	(2,577,801)
NONOPERATING REVENUES (EXPENSES)					
Farm income, net of related expenses	–	–	–	–	–
Investment income	–	–	–	–	3,936,912
Gain on sale of capital assets	–	–	–	–	21,062
Interest expense	–	(529,555)	–	–	–
Other revenues (expenses)	(1,017)	1,830	–	–	(7,751)
Total nonoperating revenues (expenses)	(1,017)	(527,725)	–	–	3,950,223
Increase (decrease) in net position	$ (411,854)	$ (893,406)	$ 577,745	$ (139,564)	$ 1,372,422

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

Metro Waste Authority
COMBINING SUMMARY OF OPERATING EXPENSES, EXCLUDING DEPRECIATION AND AMORTIZATION, BY DEPARTMENT
Year ended June 30, 2024

	Combined	Metro Park East Landfill	Metro Park West Landfill	Metro Transfer Stations	Metro Compost Center
Salaries	$ 9,125,755	$ 2,779,942	$ 213,007	$ 1,333,597	$ 186,588
Payroll taxes	640,805	214,691	17,628	111,581	16,471
Benefits	1,519,705	610,653	55,446	278,392	33,569
Site maintenance	1,541,758	1,301,844	32,201	36,189	2,394
Contract management	7,038,382	–	–	–	–
Recycling programs	5,044,183	–	–	–	–
Commodity share fee	456,299	–	–	–	–
Vehicle repairs and maintenance	2,642,223	820,111	108,455	970,765	332,799
Vehicle fuel	1,694,245	1,367,534	92,399	185,555	1,643
Computer maintenance	265,847	41,782	4,895	3,096	548
Minor equipment	150,917	68,092	1,814	34,496	900
Professional services	323,734	46,369	–	–	–
Engineering services	167,317	93,634	65,389	2,794	–
Graphics design/contract printing	28,343	3,281	176	–	7,820
Contract disposal	421,415	–	–	–	–
Property taxes and host fees	326,178	87,192	–	53,652	–
Telephone and utilities	520,874	149,860	18,886	55,069	4,649
Building and office supplies	574,684	181,019	17,464	145,777	485
Advertising	365,086	54,710	3,470	9,058	67,944
Travel	32,892	2,546	443	–	299
Postage	22,796	95	264	–	–
Credit card discount	12,257	(21,982)	46	–	1,494
Miscellaneous	192,363	12,218	69	4,376	751
Insurance	572,263	154,121	31,494	68,923	32,346
Leachate processing	679,204	496,084	163,120	–	–
Machinery and equipment rental	80,239	193	–	–	–
Office and facilities rent	172,800	–	–	–	–
Yard waste collection and bags	2,494,236	–	–	–	2,494,236
Community cleanup grants	13,088	–	–	–	–
Environmental Management System	544	–	–	–	–
Total operating expenses, excluding depreciation and amortization	$37,120,432	$ 8,463,989	$ 846,666	$ 3,293,320	$ 3,184,936

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

Metro Waste Authority
COMBINING SUMMARY OF OPERATING EXPENSES, EXCLUDING DEPRECIATION AND AMORTIZATION, BY DEPARTMENT (continued)
Year ended June 30, 2024

	Metro Hazardous Waste Drop-Off	Metro Recycling Facility	Recycling Programs	Rental-300 East Locust	Central Office*
Salaries	$ 525,949	$ 1,851,400	$ 611,764	$ –	$ 1,623,508
Payroll taxes	42,136	88,561	38,725	–	111,012
Benefits	88,444	172,957	70,269	–	209,975
Site maintenance	8,275	17,696	495	142,664	–
Contract management	–	–	–	–	7,038,382
Recycling programs	178,372	–	4,865,811	–	–
Commodity share fee	–	456,299	–	–	–
Vehicle repairs and maintenance	11,322	388,611	10,160	–	–
Vehicle fuel	8,034	24,380	–	–	14,700
Computer maintenance	4,410	8,229	217	–	202,670
Minor equipment	5,907	36,734	–	–	2,974
Professional services	720	998	300	–	275,347
Engineering services	–	–	–	–	5,500
Graphics design/contract printing	2,728	315	7,260	–	6,763
Contract disposal	319,286	–	102,129	–	–
Property taxes and host fees	15,216	–	–	170,118	–
Telephone and utilities	32,734	171,806	–	55,236	32,634
Building and office supplies	39,407	94,780	2,604	68,456	24,692
Advertising	33,552	9,290	72,560	–	114,502
Travel	1,425	5,366	563	–	22,250
Postage	1,237	14	–	–	21,186
Credit card discount	(1,912)	–	–	–	34,611
Miscellaneous	3,235	21,544	55	–	150,115
Insurance	47,432	105,258	21,020	53,727	57,942
Leachate processing	–	–	–	–	–
Machinery and equipment rental	1,947	78,099	–	–	–
Office and facilities rent	–	–	–	–	172,800
Yard waste collection and bags	–	–	–	–	–
Community cleanup grants	–	–	–	–	13,088
Environmental Management System	–	–	–	–	544
Total operating expenses, excluding depreciation and amortization	$ 1,369,856	$ 3,532,337	$ 5,803,932	$ 490,201	$10,135,195

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

Metro Waste Authority
SUMMARY OF HISTORICAL OPERATING INFORMATION

	Year ended June 30				
	2024	2023	2022	2021	2020
REVENUES	$57,688,042	$56,433,211	$52,438,779	$44,140,809	$40,902,064
EXPENSES					
Operating expenses (excluding depreciation and amortization)	37,120,432	33,746,195	30,102,499	26,761,728	25,003,038
Provision for landfill closure and postclosure care costs	1,702,898	1,743,676	2,332,350	1,519,558	870,451
Operating income before depreciation and amortization	18,864,712	20,943,340	20,003,930	15,859,523	15,028,575
DEPRECIATION AND AMORTIZATION					
Depreciation	7,144,758	7,171,341	6,593,377	5,651,441	5,457,131
Amortization	5,089,363	2,619,387	2,424,311	2,366,453	2,651,437
	12,234,121	9,790,728	9,017,688	8,017,894	8,108,568
Operating income	6,630,591	11,152,612	10,986,242	7,841,629	6,920,007
NONOPERATING REVENUES (EXPENSES)					
Farm income, net of related expenses	60,479	149,152	132,332	203,925	1,845
Grant revenue	–	76,664	141,947	–	–
Investment income (loss)	3,936,912	1,478,270	(982,889)	(43,317)	800,220
Gain (loss) on sale of capital assets	21,062	3,681	430,541	12,025	127,965
Interest expense	(548,738)	(589,866)	(626,826)	(737,327)	(341,560)
Debt issuance costs	–	–	–	–	(782,367)
Other	17,723	327,607	391,679	162,536	254,590
Total nonoperating revenues (expenses)	3,487,438	1,445,508	(513,216)	(402,158)	60,693
Increase in net position	$10,118,029	$12,598,120	$10,473,026	$ 7,439,471	$ 6,980,700
Percent increase (decrease) from prior period					
Revenues	2.22%	7.61%	18.80%	7.92%	8.23%
Operating expenses excluding depreciation and amortization	10.00%	12.09%	12.48%	7.03%	2.52%
Provision for depreciation and amortization	24.96%	8.57%	12.47%	(1.12)%	26.70%
Tonnage delivered to landfill (unaudited)	870,034	893,250	898,430	805,920	792,966
Compost tonnage (unaudited)	40,827	37,779	38,849	45,185	40,865

Metro Waste Authority
SUMMARY OF HISTORICAL OPERATING INFORMATION (continued)

	Year ended June 30				
	2019	2018	2017	2016*	2015
REVENUES	$37,793,275	$37,672,758	$36,078,013	$34,651,660	$33,097,552
EXPENSES					
Operating expenses (excluding depreciation and amortization)	24,387,973	23,165,492	22,694,201	22,663,100	20,991,551
Provision for landfill closure and postclosure care costs	3,102,483	3,225,229	1,492,485	(1,640,601)	1,300,385
Operating income before depreciation and amortization	10,302,819	11,282,037	11,891,327	13,629,161	10,805,616
DEPRECIATION AND AMORTIZATION					
Depreciation	5,442,460	5,164,811	4,909,781	4,231,989	4,176,241
Amortization	957,452	1,081,891	1,903,815	1,383,954	1,326,790
	6,399,912	6,246,702	6,813,596	5,615,943	5,503,031
Operating income	3,902,907	5,035,335	5,077,731	8,013,218	5,302,585
NONOPERATING REVENUES (EXPENSES)					
Farm income, net of related expenses	44,876	91,946	213,447	101,745	68,180
Grant revenue	–	–	–	–	–
Investment income (loss)	1,512,896	136,672	3,634	717,082	565,037
Gain (loss) on sale of capital assets	2,456	126,099	(123,018)	–	267,062
Interest expense	(395,075)	(418,164)	(453,663)	(493,018)	(534,252)
Debt issuance costs	–	–	–	–	–
Other	62,506	70,523	207,610	4,333	9,856
Total nonoperating revenues (expenses)	1,227,659	7,076	(151,990)	330,142	375,883
Increase in net position	$ 5,130,566	$ 5,042,411	$ 4,925,741	$ 8,343,360	$ 5,678,468
Percent increase (decrease) from prior period					
Revenues	0.32%	4.42%	4.12%	4.69%	8.08%
Operating expenses excluding depreciation and amortization	5.28%	2.08%	0.14%	7.96%	(0.37)%
Provision for depreciation and amortization	2.45%	(8.32)%	21.33%	2.05%	(4.13)%
Tonnage delivered to landfill (unaudited)	741,382	750,706	710,050	685,898	673,870
Compost tonnage (unaudited)	34,783	35,128	35,479	47,221	48,747

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

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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 (the Agency) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 and 2024-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2024 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Metro Waste Authority's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Agency's responses were not subject to the other 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 Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Denman CPA LLP

Denman CPA LLP

West Des Moines, Iowa
December 10, 2024

Metro Waste Authority
SCHEDULE OF FINDINGS
Year ended June 30, 2024

SECTION I – FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROL DEFICIENCIES

2024-001 RECONCILIATIONS OF CASH ACCOUNTS

Material Weakness

Criteria

Timely recurring reconciliations of the Agency's cash accounts are an integral part of the Agency's internal control over financial reporting and ensure the accuracy of the Agency's reported cash balances. Reconciliations should be performed monthly as part of the Agency's recurring month-end closing procedures.

Condition

While Agency staff were attempting to perform monthly reconciliation of cash accounts, staff were identifying recurring discrepancies which were unable to be resolved in a timely manner.

Cause

Discrepancies in cash account reconciliations and customer account balances appear to be the result of inconsistencies in how customer payments are being recorded in the subsidiary ledger and the general ledger.

Effect

The Agency's internally prepared financial statements included inaccuracies. Correcting entries were required as part of the audit procedures to correct management's prepared financial statements.

Recommendation

The Agency should review its current procedures for posting customer payments in order to better align the posting to the general ledger with the cash receipt. Agency staff should implement daily posting and cash reconciling procedures in order to identify reconciling discrepancies timely.

Response

The prior year's audit identified a similar finding relative to cash accounts and customer balances. We believe significant improvement has been made relative to customer balances; however, additional efforts are needed to ensure our cash account reconciliation processes are strengthened in order to ensure our financial records are accurate and reliable. In the time period after the audit concluded, a stronger process has been put in place to ensure daily activity is posted in a timely manner and reconciled to the bank activity. We recognize the need for continued improvement on this front in the months ahead and this will be a priority.

Conclusion

Response accepted.

SECTION I – FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROL DEFICIENCIES

2024-002 CONTRACT MANAGEMENT

Material Weakness

Criteria

Expenses under U.S. GAAP are to be recognized within the financial statements during the fiscal period in which the expenses were incurred. A careful review of transactions by staff may be required in order to properly identify the correct fiscal period in which a transaction should be recognized.

Condition

The Agency provides contract management services for many metro communities for solid waste pick up. These contract management services result in significant monthly revenues (for charges to local communities) and expenses (for charges from waste haulers). The Agency was not regularly recognizing the expenses for these services during the month the services were performed, resulting in material adjustments to the Agency's financial statements being required as part of the audit procedures.

Cause

Staff were not reviewing the invoices received from waste haulers to ensure posting to the proper period.

Effect

Adjusting entries were required to management's internally prepared financial statements in order to properly recognize the transactions.

Recommendation

Transactions should be recognized when the transaction occurs. Management should review the initial recording of transactions to ensure proper recognition of these transactions prior to approving the monthly financial statements.

Response

This finding is also a carryover from last year, unfortunately. While an internal process was put in place, it was not dependable, as the process relied on a manual adjustment at the end of the process rather than having the correct information entered at the start of the process. Additional training is required with staff to help them examine invoices in order to ensure the appropriate transaction date is identified and captured as invoices are processed. Consistency with this approach will reduce the potential for oversight and error, and lead to a reliable and accurate process. We are discussing solutions which will allow us to have a more accurate and reliable process with respect to properly recording transactions like these.

Conclusion

Response accepted.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

SECTION II – FINDINGS RELATED TO REUIRED STATUTORY REPORTING

24-II-A QUESTIONABLE EXPENSES

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

24-II-B TRAVEL EXPENSE

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

24-II-C RESTRICTED DONOR ACTIVITY

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

24-II-D BOARD MINUTES

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

24-II-E DEPOSITS AND INVESTMENTS

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

24-II-F 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.

24-II-G FINANCIAL ASSURANCE

The Agency 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, as submitted to the Iowa Department of Natural Resources on April 1, 2024, is demonstrated as follows:

	Closure/ Postclosure Care
Total estimated costs for closure and postclosure care	$28,537,710
Less: Amount Agency has restricted for closure and postclosure care (dedicated fund mechanism)	22,526,064
Remaining costs to be assured through the local government financial test	$ 6,011,646
Financial assurance through the local government financial test	$ 6,011,646