



**WASHINGTON SUBURBAN
SANITARY COMMISSION**

**RETIREE OTHER
POSTEMPLOYMENT BENEFITS
TRUST**

FINANCIAL STATEMENTS AND SUPPLEMENTAL
SCHEDULES WITH INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2014 AND 2013



**WASHINGTON SUBURBAN SANITARY COMMISSION
RETIREE OTHER POSTEMPLOYMENT BENEFITS TRUST
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
WITH INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2014 AND 2013**

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INDEPENDENT AUDITOR'S REPORT

The Commissioners
Washington Suburban Sanitary Commission

The Board of Trustees
Washington Suburban Sanitary Commission
Retiree Other Post-Employment Benefits Trust

Report on the Financial Statements

We have audited the accompanying statements of fund net position of the Washington Suburban Sanitary Commission Retiree Other Post-Employment Benefits Trust (the "Trust") as of December 31, 2014 and 2013, and the related statements of changes in fund net position for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust, as of December 31, 2014 and 2013, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Washington, D.C. *BCA Watson Rre LLP*
May 27, 2015

**WASHINGTON SUBURBAN SANITARY COMMISSION
RETIREE OTHER POSTEMPLOYMENT BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2014 AND 2013**

This Management's Discussion and Analysis ("MD&A") of the financial activities of the Washington Suburban Sanitary Commission ("WSSC") Retiree Other Post-Employment Benefit Trust (the "Trust") is an overview of its fiscal operations for the years ended December 31, 2014 and 2013. Readers are encouraged to consider the information presented in conjunction with the financial statements and the notes to the financial statements. Amounts contained in the discussion have been rounded to facilitate their readability.

Overview of Financial Statements

The financial statement and the required disclosures are in compliance with the accounting standards and reporting guidelines as set forth by the Governmental Accounting Standards Board ("GASB"), utilizing the accrual basis of accounting. The financial statements of the Trust are presented on a comparative basis with the previous fiscal year.

The Trust has two financial statements and the notes to the financial statements. The Statement of the Fund Net Position is a snapshot of account balances at fiscal year-end. The Statement of Changes in Fund Net Position reflects all the activities that occurred during the fiscal year, and the impact of those addition activities on the Trust's net position.

The notes to the financial statements provide a detailed discussion of key policies and activities that occurred during the fiscal year. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Supplementary information is also disclosed which includes additional information on the Trust's financial condition and trends, including information on employer contributions, actuarial assumptions, funding status and investments.

2014 Financial Highlights

- Net position held in trust for benefits, as reported in the Statements of Fund Net Position, total \$68.7 million, an increase of \$13.4 million or 24% from prior year.
- Total Additions, as reflected in the Statements of Changes in Fund Net Position, decreased by \$3.2 million due primarily to a \$4.2 million decrease in investment income, and a \$1 million increase in contributions.

2013 Financial Highlights

- Net position held in trust for benefits, as reported in the Statement of Fund Net Position, total \$55.3 million, an increase of \$16.6 million or 43% from prior year.

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- Total Additions, as reflected in the Statement of Changes in Fund Net Position, increased by \$4.3 million due primarily to a \$3.3 million increase in investment income, and a \$1 million increase in contributions.

Financial Analysis

Table 1 – Condensed Statements of Fund Net Position as December 31, 2014, 2013 and 2012

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2014 - 2013</u>		<u>2013 - 2012</u>	
				<u>Variance</u>	<u>%</u>	<u>Variance</u>	<u>%</u>
ASSETS							
Investments:							
Vanguard Wellington Fund - Admiral Shares	\$ 36,134,848	\$ 28,199,359	\$ 19,420,895	\$ 7,935,489	28%	\$ 8,778,464	45%
Lord Abbett Multi-Asset Global Opportunity Fund	32,570,043	27,142,539	19,309,165	5,427,504	20%	7,833,374	41%
Total Assets	<u>68,704,891</u>	<u>55,341,898</u>	<u>38,730,060</u>	<u>13,362,993</u>	<u>24%</u>	<u>16,611,838</u>	<u>43%</u>
LIABILITIES	-	-	-	-	-	-	-
Net Position Held in Trust for Benefits	<u>\$ 68,704,891</u>	<u>\$ 55,341,898</u>	<u>\$ 38,730,060</u>	<u>\$ 13,362,993</u>	<u>24%</u>	<u>\$ 16,611,838</u>	<u>43%</u>

Fiscal Year 2014

The Trust's investments increased by \$13.4 million or 24% because of investment income of \$3.4 million and contributions to the Trust of \$10.0 million. The increase in investment income is due to the returns from Vanguard Wellington and Lord Abbett Multi-Asset Global Opportunity Funds.

As of December 31, 2014, the Trust had \$68.7 million in net position held in trust for benefits compared to \$55.3 million as of December 31, 2013, an increase of 24%. There were no liabilities at December 31, 2014 or 2013, as administrative expenses are borne by Washington Suburban Sanitary Commission.

Fiscal Year 2013

The Trust's investments increased by \$16.6 million or 43% because of investment income of \$7.6 million and contributions to the Trust of \$9.0 million. The increase in investment income is due to the returns from Vanguard Wellington and Lord Abbett Multi-Asset Global Opportunity Funds.

As of December 31, 2013, the Trust had \$55.3 million in net position held in trust for benefits compared to \$38.7 million as of December 31, 2012, an increase of 43%. There were no

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YEARS ENDED DECEMBER 31, 2014 AND 2013**

liabilities at December 31, 2013 or 2012, as administrative expenses are borne by Washington Suburban Sanitary Commission.

Table 2 – Condensed Statements of Changes in Fund Net Position for the Years Ended June 30, 2014, 2013 and 2012

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2014 - 2013</u>		<u>2013 - 2012</u>	
				<u>Variance</u>	<u>%</u>	<u>Variance</u>	<u>%</u>
ADDITIONS							
Net investment income	\$ 3,362,993	\$ 7,611,838	\$ 4,334,718	\$ (4,248,845)	-56%	\$ 3,277,120	76%
Contributions	10,000,000	9,000,000	8,000,000	1,000,000	11%	1,000,000	13%
Total Additions	<u>13,362,993</u>	<u>16,611,838</u>	<u>12,334,718</u>	<u>(3,248,845)</u>	<u>-20%</u>	<u>4,277,120</u>	<u>35%</u>
DEDUCTIONS							
OPEB expenses	-	-	-	-	-	-	-
Increase in Net Position	<u>13,362,993</u>	<u>16,611,838</u>	<u>12,334,718</u>	<u>(3,248,845)</u>	<u>-20%</u>	<u>4,277,120</u>	<u>35%</u>
Net Position Held in Trust for Benefits, Beginning of Year	<u>55,341,898</u>	<u>38,730,060</u>	<u>26,395,342</u>	<u>16,611,838</u>	<u>43%</u>	<u>12,334,718</u>	<u>47%</u>
Net Position Held in Trust for Benefits, End of Year	<u>\$ 68,704,891</u>	<u>\$ 55,341,898</u>	<u>\$ 38,730,060</u>	<u>\$ 13,362,993</u>	<u>24%</u>	<u>\$ 16,611,838</u>	<u>43%</u>

Fiscal year 2014

Contributions to the Trust increased by \$1 million or 11% from \$9 million in fiscal year 2013 to \$10 million in fiscal year 2014. Net investment income, which is comprised of dividend and interest and net appreciation in the fair value of investments, decreased by \$4.2 million or 56%, from \$7.6 million in fiscal year 2013 to \$3.4 million in fiscal year 2014. The decrease in net investment loss is due to the performance of the funds. Dividend and interest increased from \$2.9 million to \$4.0 million for fiscal years 2013 and 2014, respectively. Net appreciation in the fair value of investments decreased from \$4.7 million in fiscal year 2013 to a depreciation in fair value of investments of \$0.7 million for fiscal years 2014.

Fiscal Year 2013

Contributions to the Trust increased by \$1 million or 13% from \$8 million in fiscal year 2012 to \$9 million in fiscal year 2013. Net investment income, which is comprised of dividend and interest and net appreciation in the fair value of investments, increased by \$3.3 million or 76%, from \$4.3 million in fiscal year 2012 to \$7.6 million in fiscal year 2013. The increase in net investment income is due to the performance of the funds. Dividend and interest increased from \$1.4 million to \$2.9 million for fiscal years 2012 and 2013, respectively. Net appreciation in the fair value of investments increased from \$3.0 million to \$4.7 million for fiscal years 2012 and 2013, respectively.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED DECEMBER 31, 2014 AND 2013**

Other Information

Fund investments increased \$3.4 million and \$7.6 million in 2014 and 2013, respectively. The Trust's actuarially determined target investment return is 7.5% net of expenses, based on the five-year phase-in of payments chosen at Trust inception. During the phase-in period of contributions to the Trust, WSSC did not make any payments from the Trust. All actual expenses are currently handled on a "pay-as-you-go" basis, external to the Trust.

The market value of the Trust's assets, and its investment gains and losses are also reviewed at least biannually by an actuary to determine viability of the Trust. The Trust was instituted in 2007 in order to comply with the requirements of Government Accounting Standards Board's (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans* and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions*. Consistent with these standards, the WSSC initially chose a five-year phase-in period to make its full actuarially determined annual required contribution.

Subsequent to the initial phase-in, WSSC implemented an eight-year phase-in which ended in fiscal year 2014; therefore, extended the date by which WSSC intended to make the full annual required contribution.

Request for Information

This financial report is designed to provide the Executive Director with a general overview of the Trust finances and to show accountability for the Trust's funds. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, WSSC Employees' Retirement Plan, Washington Suburban Sanitary Commission, 14501 Sweitzer Lane, Laurel MD 20707-5901.

**WASHINGTON SUBURBAN SANITARY COMMISSION
RETIREE OTHER POSTEMPLOYMENT BENEFITS TRUST
STATEMENTS OF FUND NET POSITION
DECEMBER 31, 2014 AND 2013**

	2014	2013
ASSETS		
Cash and cash equivalents (Note B)	\$ -	\$ -
Investments at fair value (Note C):		
Vanguard Wellington Fund - Admiral Shares	36,134,848	28,199,359
Lord Abbett Multi-Asset Global Opportunity Fund	32,570,043	27,142,539
Total Investments	68,704,891	55,341,898
Total Assets	68,704,891	55,341,898
LIABILITIES		
Accrued expenses (Note A)	-	-
NET POSITION HELD IN TRUST FOR BENEFIT	\$ 68,704,891	\$ 55,341,898

The accompanying notes are an integral part of these financial statements.

**WASHINGTON SUBURBAN SANITARY COMMISSION
RETIREE OTHER POSTEMPLOYMENT BENEFITS TRUST
STATEMENTS OF CHANGES IN FUND NET POSITION
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
ADDITIONS		
Investment income:		
Dividends and interest	\$ 4,045,656	\$ 2,922,620
Net (depreciation) appreciation in the fair value of investments	(682,663)	4,689,218
Net Investment Income	3,362,993	7,611,838
Contributions:		
WSSC contributions	10,000,000	9,000,000
Total Additions	13,362,993	16,611,838
DEDUCTIONS		
OPEB expenses (Note A)	-	-
INCREASE IN NET POSITION	13,362,993	16,611,838
NET POSITION HELD IN TRUST FOR BENEFITS, BEGINNING OF YEAR	55,341,898	38,730,060
NET POSITION HELD IN TRUST FOR BENEFITS, END OF YEAR	\$ 68,704,891	\$ 55,341,898

The accompanying notes are an integral part of these financial statements.

**WASHINGTON SUBURBAN SANITARY COMMISSION
RETIREE OTHER POSTEMPLOYMENT BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

A. DESCRIPTION OF THE TRUST

General

The provision of post-employment benefits is determined under a set of personnel policies (herein referred to, collectively, as the “Trust”). The Trust, a single employer contributory Fund, was established in 2007 to provide life insurance and medical benefits for the Trust participants and beneficiaries of the Washington Suburban Sanitary Commission (“WSSC”) under conditions set forth in the Trust Agreement, including the payment of reasonable administrative expenses. WSSC employees are eligible to continue group insurance coverage after retirement provided that retiring employees have had coverage in effect for two years prior to retirement. Cost to the participant is based on Trust cost and under conditions set forth in the Trust.

As of December 31, 2014 and 2013, there were 1,549 and 1,537 active employees and 1,542 and 1,517 retirees, respectively. WSSC has the right to amend the Trust Fund Agreement.

Contribution

WSSC makes contributions to the Trust annually or more often, as it deems appropriate. Such amounts are determined by WSSC in order to comply with the provisions of Government Accounting Standards Board Statement No. 45. WSSC initially elected to phase-in payments to the Trust over a five-year period, such that 20% of the difference between the annual required contribution and total cash expenses (funded on a “Pay-as-you-go” basis) would be funded in fiscal year 2007 and 40% of this difference would be funded in fiscal year 2008. During the third year (2009) of the phase in, WSSC elected to phase-in this difference over an eight-year period which ended in fiscal year 2014.

The WSSC contributed \$10,000,000 and \$9,000,000 for the years 2014 and 2013, respectively.

Expenses

WSSC pays the administrative expenses of the Trust, and currently is funding actual OPEB expenses on a “Pay-as-you-go” basis external to the Trust.

Trust Termination

In the event of the Trust termination, Trust assets shall be allocated for the payment of benefits and administrative expenses in accordance with the Trust Agreement.

**WASHINGTON SUBURBAN SANITARY COMMISSION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Trust's financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statements. The Statements requires two basic financial statements: the statement of fund net position and the statement of changes in fund net position.

Basis of Accounting

The financial statements of the Washington Suburban Sanitary Commission Retiree Other Post-Employment Benefits Trust (the "Trust") are presented on the accrual basis of accounting. Contributions are recognized by the Trust when the payments become due from WSSC. Investment income is recognized when earned. Deductions are recognized when due in accordance with the terms of the Trust.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Trust considers all cash and highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Investments

Investments are stated at fair value. The fair value is generally based on quoted market prices on the last business day of the Trust's year end. Net appreciation in the fair value of investments reflected in the Statements of Changes in Fund Net Position includes realized gains and losses on investments that were sold during the year and unrealized appreciation in the fair value of investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**WASHINGTON SUBURBAN SANITARY COMMISSION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain prior year balances may have been reclassified to conform with the current year presentation. These reclassifications have no effect upon reported net position held in trust for benefits.

Accounting Changes

GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflow of Resources, and Net Position*. The requirement of this statement standardizes the presentation of deferred inflows and outflows of resources, and their effects on a government's net position. This statement became effective for periods beginning after December 15, 2011. The implementation of this statement was limited to renaming of "Net Assets" to "Net Position".

GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources, or as outflows of resources and inflows of resources, respectively. The statement is effective for periods beginning after December 15, 2012. The implementation in fiscal year 2013 did not have a material impact on the Trust's financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This Statement is effective for fiscal years beginning after June 15, 2013. This statement does not address OPEB Trusts; therefore, did not have an impact on the Trust's financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Trust's management is evaluating the impact of the pronouncement on its financial statements.

**WASHINGTON SUBURBAN SANITARY COMMISSION
RETIREE OTHER POSTEMPLOYMENT BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE C. INVESTMENTS

The Trust's investments, in general, are exposed to various risks as follows:

- Custodial Credit Risk is the risk that the Trust will not be able to recover the value of its investments if the counterparty fails. The Trust's mutual fund investments are not subject to custodial credit risk for 2014 and 2013 in accordance with GASB Statement No. 40.
- Credit Risk is the risk that an issuer to an investment will not fulfill its obligations. At December 31, 2014 and 2013, the investments were in mutual funds of Vanguard Wellington Fund Admiral and Lord Abbett Multi-Asset Global Opportunity Fund. On average, these funds maintain 60% – 70% of assets in equity and 30% - 40% of assets in fixed income securities. For the years 2014 and 2013, the credit ratings of underlying bond holdings of the Vanguard Wellington Fund Admiral were AAA/AA/A/BBB/BB and AAA/AA/A/BBB. Recent credit ratings for the underlying bonds funds (fund of funds) of Lord Abbett Multi-Asset Global Opportunity Fund were AAA/AA/A/BBB/BB/B/Below B. Credit ratings were not available for the underlying funds (fund of funds) of Lord Abbett Multi-Asset Global Opportunity Fund for fiscal year 2013.
- Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trust manages its exposure to declines in fair values by not offering investments that have excessive average maturities/durtaions. For 2014 and 2013, the average maturity period of the bonds funds for the Vanguard Wellington Fund Admiral was 9.5 years and 9.2 years, respectively. The average duration for the underlying funds (fund of funds) of Lord Abbett Multi-Asset Global Opportunity Fund based on recent data was 4.29 years. Average durantion/maturity periods were not available for the underlying funds (fund of funds) of Lord Abbett Multi-Asset Global Opportunity Fund for 2013.
- Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Trust mitigates this risk by limiting its investments in funds with foreign exposure. The underlying assets of the Vanguard Wellington Fund Admiral are in domestic stocks and bonds; however, the Lord Abbett Mutli-Asset Global Opportunity Fund underlying funds invest in foreign assets that may be exposed to exchange rate changes.

**WASHINGTON SUBURBAN SANITARY COMMISSION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE C. INVESTMENTS

- Concentration risk is the risk of loss attributed to the magnitude of the Trust investment in a single issuer. The following investments represent over 5% of total investments with a single investor as of December 31:

	2014		2013	
	Investments	%	Investments	%
Vanguard Wellington Fund	\$ 36,134,848	53%	\$ 28,199,359	51%
Lord Abbett Multi-Asset Global Opportunity Fund	32,570,043	47%	27,142,539	49%

NOTE D. TRUSTEES OF THE FUND

WSSC established a Board of Trustees for the Trust to be responsible for the investment management of the Trust's assets for the exclusive benefit of the Trust participants. The trustees are governed by a Trust Agreement. The agreement provides for Trustees to be appointed by WSSC and, per the terms of WSSC Adopted Resolution 2015-2076, the Board has been re-appointed for a four-year term beginning July 1, 2015.

The administration of the Trust has been delegated to the Executive Director of the WSSC Employees' Retirement Plan, who is appointed by the WSSC.

NOTE E. FUNDING STATUS AND FUNDING PROGRESS

The funding status of the most recent actuarial valuation (June 30, 2013) is as follows:

Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2013	\$ 41,300,000	\$ 217,195,977	\$ 175,895,977	19.02%	\$ 103,943,000	169.22%

Actuarial valuations of the Trust involve estimates of the value of reported amounts and assumptions about the probability of future events. Actuarially determined amounts are subject to revisions as actual results are compared to past expectations and new estimates are made about the future.

The information presented in the required supplementary schedules of funding progress and employer contributions was determined as part of the actuarial valuation as of the date indicated above.

**WASHINGTON SUBURBAN SANITARY COMMISSION
 RETIREE OTHER POSTEMPLOYMENT BENEFITS TRUST
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014 AND 2013**

NOTE E. FUNDING STATUS AND FUNDING PROGRESS (Continued)

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial assumptions used in the valuation are as follows:

Valuation date	June 30, 2013
Actuarial method	Projected Unit Credit
Asset valuations methodology	Assets are based on market value.
Amortization period	Past service liability is amortized over an open 30-year period using the level dollar approach.
Actuarial Accrued Liability (AAL)	The actuarial present value of benefits allocated to all periods prior to valuation year.
Discount rate	7.5%
	Funded Phase-in assumes WSSC phases into fully funding the ARC over 8 years. The first two years prefunding amounts (2007 & 2008) were based on a 5-year phase-in with payments at 20% and 40% of the difference between the annual required contribution and the pay-as-you go amount. With subsequent extension of the phase-in to eight years, the third, fourth, fifth, sixth, seventh and eight year payments (2009, 2010, 2011, 2012, 2013 and 2014) were 50%, 60%, 70%, 80% 90% and 100% of the aforementioned difference.
Coverage	100% of current active employees will elect coverage at least two years prior to retirement age under the medical and life insurance plans. For current retirees, WSSC has assumed that 100% of retirees are covered.
Age difference % married	Males are assumed to be 3 years older than females; 70% are married and 100% elect spouse coverage.
Mortality	RP-2000 combined healthy mortality table, GA-1983 Table (Corrected) set forward 10 years for males/Females disability retirement pensioners.

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DECEMBER 31, 2014 AND 2013**

NOTE F. INTERNAL REVENUE STATUS

The Trust operates as a Section 115 Grantor Trust under the Internal Revenue Code.

NOTE G. HISTORICAL TREND INFORMATION

Historical trend information which provides an indication of the progress made in accumulating sufficient assets to pay benefits when due is presented as required supplementary information following the notes to the basic financial statements. The latest actuarial valuation was performed as of June 30, 2013.

NOTE H. RISKS AND UNCERTAINTIES

The Trust invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Fund Net Position.

NOTE I. SUBSEQUENT EVENTS

The Trust has evaluated events subsequent to December 31, 2014 and through May 27, 2015, the date the financial statements were available to be issued, and determined there have not been any events that have occurred, other than matters disclose in the above notes, that would require adjustments to the financial statements.

SUPPLEMENTARY INFORMATION

WASHINGTON SUBURBAN SANITARY COMMISSION
RETIREE OTHER POST EMPLOYMENT BENEFITS TRUST
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(Unaudited)

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the Trust's funding status on a going-concern basis. Analysis of the percentage over time indicates whether the Trust is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Trust's progress made in accumulating sufficient assets to pay benefits when due. Generally the smaller the percentage the stronger the plan.

Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2010	\$ 11,308,207	\$ 218,144,914	\$ 206,836,707	5.18%	\$ 112,609,000	183.68%
June 30, 2011	21,295,568	205,940,969	184,645,401	10.34%	113,634,000	162.49%
June 30, 2013	41,300,000	217,195,977	175,895,977	19.02%	103,943,000	169.22%

According to policy, WSSC completes an actuarial study at least once every two years. No study was performed in 2012 and 2014, consequently results are not displayed.

WASHINGTON SUBURBAN SANITARY COMMISSION
 RETIREE OTHER POST EMPLOYMENT BENEFITS TRUST
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 (Unaudited)

The WSSC's annual required contribution was actuarially determined in accordance with the parameters of GASB Statement No. 43, *Financial Reporting for Postemployment benefit Plans Other Than Pension Plans*.

Year Ended 30-Jun	Contribution Deficiency Beginning of Year	Annual Required Contribution	Interest	Adjustment	Total Required Contribution (a)	Other Contribution (b)	Employer Contribution (c)	Contribution Deficiency-End of Year	Percentage of Required Contribution (b+c)/a
2010	\$ 18,619,306	\$ 21,244,951	\$ 1,396,448	\$ (1,466,259)	\$ 21,175,140	\$ 9,675,000	\$ 5,000,000	\$ 25,119,446	69.30%
2011	25,119,446	21,392,035	1,869,064	(1,962,864)	21,298,235	8,735,000	6,000,000	31,682,681	69.18%
2013	35,688,000	17,452,000	2,676,000	-	20,128,000	11,060,000	8,000,000	32,750,681	94.69%

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