



**WASHINGTON SUBURBAN  
SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULES WITH  
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2015 AND 2014



**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES WITH  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2015 AND 2014**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditor's Report.....	1
Management's Discussion & Analysis (Required Supplementary Information - Unaudited).....	4
Basic Financial Statements:	
Statements of Plan Net Position.....	13
Statements of Changes in Plan Net Position.....	14
Notes to Financial Statements.....	15
Required Supplementary Information (Unaudited):	
Schedule of Changes in Net Pension Liability and Related Ratios .....	32
Schedule of Employer Contributions.....	34
Schedule of Investment Returns .....	36
Other Supplementary Information:	
Schedule of Investments as of December 31, 2015 .....	38



2200 Pennsylvania Ave., NW  
4th Floor East  
Washington, DC 20037  
www.bcawatsonrice.com

Telephone (202) 416-1749  
Facsimile: (202) 737-2684

## **INDEPENDENT AUDITOR'S REPORT**

The Commissioners  
Washington Suburban Sanitary Commission

The Board of Trustees  
Washington Suburban Sanitary Commission  
Employees' Retirement Plan

### **Report on the Financial Statements**

We have audited the accompanying Statements of Plan Net Position of the Washington Suburban Sanitary Commission Employees' Retirement Plan (the "Plan") as of December 31, 2015 and 2014, and the related Statements of Changes in Plan 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 these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Plan 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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Plan as of December 31, 2015 and 2014, and the changes in its net position for the year ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note B to the financial statements, as of December 31, 2014, the Washington Suburban Sanitary Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans- an Amendment of GASB Statement No. 25*.

As discussed in Note K to the financial statements, based on the most recent actuarial valuation as of June 30, 2015 which was rolled forward to December 31, 2015 and rolled backwards to December 31, 2014, the Plan's independent actuaries determined that, at December 31, 2015 and 2014, the Plan's total pension liability exceeded its fiduciary net position by \$209.1 million and \$175.5 million, respectively.

## **Other Matter**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the accompanying management discussion and analysis on pages 4-12, the schedules of changes in net pension liability and related ratios, contributions and investment returns on page 32 - 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The supplemental schedule of investments is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule of investments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of investments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Washington, D.C.  
October 18, 2016

*BCA Watson Rre LLP*

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2015 AND 2014**

The Washington Suburban Sanitary Commission Employees' Retirement Plan (the "Plan") provides retirement benefits to the employees, retirees, and beneficiaries of the Washington Suburban Sanitary Commission. To facilitate understanding the Plan's financial performance for the years ended December 31, 2015 and 2014, management has prepared this discussion and analysis. The following discussion and analysis should be read in conjunction with the Plan's financial statements and supplementary information provided in this report.

**OVERVIEW OF THE FINANCIAL STATEMENTS AND SCHEDULES**

The financial information presented in this report includes two financial statements, the notes to the financial statements, and supplementary information.

*The Statements of Plan Net Position* show the amount of assets and deferred outflow of resources, liabilities and deferred inflow of resources, and net position held in trust for pension beneficiaries as of the end of the current and prior calendar years.

*The Statements of Changes in Plan Net Position* show the additions to, and reductions in, the Plan's net position during the current and prior fiscal years. The statements present the major sources and uses of funds.

*The Notes to Financial Statements* contain disclosures and discussions which support the data presented in the financial statements. The notes present information about the creation and administration of the Plan, significant accounting policies and investments. The notes are an integral part of the financial statements and should be considered in conjunction with any review of the financial statements.

*The Supplementary Information* includes additional information on the Plan's financial condition and trends, including information on changes in the net pension liability and related ratios, contributions, actuarial assumptions, investment returns, investments and actuarial assumptions.

**FINANCIAL HIGHLIGHTS**

**Fiscal Year 2015**

- As of December 31, 2015, the Plan's net position held in trust for current and future retirement benefits were \$702.5 million. This reflects a decrease in the Plan's net position of \$41.5 million from the prior year.
- The net investment loss was \$10.4 million for fiscal year 2015. This was comprised of \$20.6 million net depreciation in the fair market value of investments, \$12.5 million in dividends and interest income, and investment expenses of \$2.3 million. For fiscal year 2014, the net investment income was \$37.6 million. The 2015 decrease reflects the

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2015 AND 2014**

continued decline in the financial markets; in particular, international and emerging markets.

- The total investment return for 2015 was -0.9%. For the period ended December 31, 2015, the Plan returned 6.4% per annum over the past five years and 5.0% annualized over the past ten years.

**Fiscal Year 2014**

- As of December 31, 2014, the Plan's net position held in trust for current and future retirement benefits were \$744.0 million. This reflects an increase in the Plan's net position of \$7.2 million from the prior year.
- The net investment income was \$37.6 million for fiscal year 2014. This was comprised of \$25.8 million net appreciation in the fair market value of investments, \$13.9 million in dividends and interest, and investment expenses of \$2.2 million. For fiscal year 2013, the net investment income was \$110.7 million. The 2014 increase reflects the continued recovery in the financial markets.
- The total investment return for 2014 was 5.4%. For the period ended December 31, 2014, the Plan returned 9.2% per annum over the past five years and 5.7% annualized over the past ten years.

**FINANCIAL ANALYSIS**

*Table 1 – Condensed Statements of Plan Net Position as of December 31, 2015, 2014 and 2013*

	2015	2014	2013	2015 - 2014		2014 - 2013		
				Variance	%	Variance	%	
<b><u>ASSETS</u></b>								
Cash, cash equivalents and investments	\$ 743,170,574	\$ 797,900,109	\$ 794,892,127	\$ (54,729,535)	(6.86)	\$ 3,007,982	0.38	
Receivables	725,706	732,991	846,444	(7,285)	(0.99)	(113,453)	(13.40)	
Total Assets	<u>743,896,280</u>	<u>798,633,100</u>	<u>795,738,571</u>	<u>(54,736,820)</u>	(6.85)	<u>2,894,529</u>	0.36	
<b><u>LIABILITIES</u></b>								
Payables for collaterals received under securities lending agreements	28,852,182	43,064,028	47,528,701	(14,211,846)	(33.00)	(4,464,673)	(9.39)	
Benefits payable and accrued expenses	1,364,070	1,121,526	1,191,812	242,544	21.63	(70,286)	(5.90)	
Deferred prefunded WSSC contributions	11,173,425	10,482,508	10,249,460	690,917	6.59	233,048	2.27	
Total Liabilities	<u>41,389,677</u>	<u>54,668,062</u>	<u>58,969,973</u>	<u>(13,278,385)</u>	(24.29)	<u>(4,301,911)</u>	(7.30)	
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 702,506,603</u>	<u>\$ 743,965,038</u>	<u>\$ 736,768,598</u>	<u>\$ (41,458,435)</u>	(5.57)	<u>\$ 7,196,440</u>	0.98	

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2015 AND 2014**

**Fiscal Year 2015**

The Plan's cash, cash equivalents and investments for fiscal year 2015 decreased by \$54.7 million or 6.86%. The decrease was due primarily to investment loss of \$10.3 million, contributions totaling \$25.6 million, offsetting benefit payments and refunds of \$56.0 million, and a decrease in the value of collateral received under securities lending agreements of \$14.2 million.

*As shown in Table 2a* - Investments by Manager/Advisor with Rates of Returns as of December 31, 2015, a significant portion of the Plan's investments were managed by Vanguard (19.8%), State Street Global Advisors (11.3%) and Morgan Stanley Asset Management (8.7%). For the year ended December 31, 2015, only six managers/advisors reflected a positive return for funds under management. Overall, the weighted average annual rate of return was -1.0% which contributed to a decrease in investment income by 127.6% to \$10.4 million.

*Table 2a - Investments by Manager/Advisor with Rates of Returns as of December 31, 2015*

	<b>Investment Value</b>	<b>Percentage of Total Assets</b>	<b>Average Annual Rate of Return %</b>
CastleArk Management	\$ 41,639,164	5.9	3.7
Northern Trust Asset Management	60,256,070	8.5	1.0
Income Research + Management	26,163,733	3.7	3.5
State Street Global Advisors	79,891,211	11.3	(3.7)
	<u>207,950,178</u>		
Prudential Retirement Insurance and Annuity Company	32,780,178	4.6	3.4
Vanguard	139,959,578	19.8	(0.8)
Morgan Stanley Asset Management	61,362,892	8.7	0.4
Dimensional Fund Advisors	24,891,215	3.5	(18.8)
Investment Counselors of Maryland	43,911,492	6.2	(3.2)
JP Morgan Asset Management	58,681,291	8.3	(1.4)
BlackRock Investments	58,919,349	8.3	(0.8)
Wellington Trust Company	53,331,084	7.5	0.5
Voya Clarion Global Real Estate	26,077,441	3.7	(1.5)
	<u>\$ 707,864,698</u>	<u>100.0</u>	

During 2015, the Board of Trustees met regularly to monitor investment manager performance and the following actions were taken:

- Approved the "opt-in" to Wellington's new performance-based fee structure (capped at the prior flat rate).



**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2015 AND 2014**

- Confirmed the hiring of Northern Trust Asset Management as its Core Fixed Income manager via a thorough search process.
- Paid annuity payments throughout the year from its stable-value guaranteed deposit account with Prudential.
- Voted to address the minor equity overweight and fixed income underweight at year-end by paying first quarter 2016 annuity payments from the CastleArk large-cap domestic equity account.

Receivables for fiscal year 2015 decreased by \$0.01 million or 0.99% due to marginal decrease in contributions receivable from employees.

Total liabilities decreased by \$13.3 million or 24.3%. This is due primarily to a reduction in payables for collaterals received under securities lending agreements which decreased from \$43.1 million in 2014 to \$28.9 million in 2015 or 33.0%.

**Fiscal Year 2014**

The Plan's cash, cash equivalents and investments for fiscal year 2014 increased by \$3.0 million or 0.38%. The increase was due primarily to investment income of \$37.6 million, contributions totaling \$24.6 million, offsetting benefit payments and refunds of \$54.9 million, and a decrease in the value of collaterals received under securities lending agreements of \$4.5 million.

As shown in **Table 2a - Investments by Manager/Advisor with Rates of Returns as of December 31, 2014**, a significant portion of the Plan's investments were managed by Vanguard (18.7%), State Street Global Advisors (11.1%) and Prudential Retirement (8.4%). For the year ended December 31, 2014, only three managers/advisors reflected an average annual rate of return in excess of 10% for funds under management. Overall, the weighted average annual rate of return was 6.6% which contributed to a decrease in investment income by 66.07% to \$37.6 million.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2015 AND 2014**

*Table 2a - Investments by Manager/Advisor with Rates of Returns as of December 31, 2014*

	<u>Investment Value</u>	<u>Percentage of Total Assets</u>	<u>Average Annual Rate of Return %</u>
CastleArk Management	\$ 43,556,533	5.8	6.1
Northern Trust Asset Management	58,357,132	7.8	1.0
Income Research + Management	26,563,907	3.5	3.5
State Street Global Advisors	82,980,116	11.1	13.4
	<u>211,457,688</u>		
Prudential Retirement Insurance and Annuity Company	63,204,721	8.4	9.3
Vanguard	140,108,040	18.7	17.3
Morgan Stanley Asset Management	61,127,022	8.1	(5.9)
Dimensional Fund Advisors	30,643,893	4.1	(4.4)
Investment Counselors of Maryland	45,364,554	6.1	2.9
JP Morgan Asset Management	59,505,022	7.9	3.7
BlackRock Investments	59,409,760	7.9	2.1
Wellington Trust Company	53,051,369	7.1	0.5
Voya Clarion Global Real Estate	26,471,558	3.5	14.1
	<u>\$ 750,343,627</u>	<u>100.0</u>	

During 2014, the Board of Trustees met regularly to monitor investment manager performance and the following actions were taken:

- Approved the termination of fixed income manager Hughes Capital Management and, subsequently, hired of Northern Trust Asset Management to transition and manage the transfer of funds in its Core Fixed Income account.
- Rebalanced the equity overweight and fixed income underweight; therefore, redeemed \$30 million and \$20 million from equity managers CastleArk and Investment Counselors of Maryland, respectively, and transferred the \$50 million to the fixed income Prudential Guaranteed Deposit Fund.

Receivables for fiscal year 2014 decreased by \$0.1 million or 13.40% due to marginal reductions in dividend and accrued interest receivables and contributions receivable from employees.

Total liabilities decreased by \$5.3 million or 9.06%. This is due primarily to a reduction in payables for collaterals received under securities lending agreements which decreased from \$47.5 million in 2013 to \$43.1 million in 2014 or 9.39%.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2015 AND 2014**

*Table 3 – Condensed Statements of Changes in Plan Net Position as of December 31, 2015, 2014 and 2013*

	2015	2014	2013	2015 - 2014		2014 - 2013	
				Variance	%	Variance	%
<b><u>ADDITIONS</u></b>							
Net investment income	\$ (10,371,882)	\$ 37,575,768	\$ 110,734,486	\$ (47,947,650)	(127.60)	\$ (73,158,718)	(66.07)
Contributions	25,586,297	24,555,033	23,421,629	1,031,264	4.20	1,133,404	4.84
Total Additions	15,214,415	62,130,801	134,156,115	(46,916,386)	(75.51)	(72,025,314)	(53.69)
<b><u>DEDUCTIONS</u></b>							
Benefit payments and refunds	56,672,850	54,934,361	53,545,268	1,738,489	3.16	1,389,093	2.59
Net Increase	(41,458,435)	7,196,440	80,610,847	(48,654,875)	(676.10)	(73,414,407)	(91.07)
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>							
Beginning of Year	743,965,038	736,768,598	656,157,751	7,196,440	0.98	80,610,847	12.29
End of Year	\$ 702,506,603	\$ 743,965,038	\$ 736,768,598	\$ (41,458,435)	(5.57)	\$ 7,196,440	0.98

**Fiscal Year 2015**

Net investment income was comprised of interest and dividends and net appreciation/depreciation in the fair value of investments less investment expenses. Interest and dividends decreased, from \$13.9 million in 2014, to \$12.5 million in 2015. The financial markets reflected unfavorable conditions during the year and, accordingly, there was a net depreciation in the fair value of the investments of \$20.6 million for 2015, compared to a net appreciation of \$25.8 million for fiscal year 2014. The decrease in net investment income was primarily due to most of the Plan's funds reflecting negative rates of return. The Plan had an overall weighted average rate of return of -1.0% for financial year 2015.

Investment expenses increased by \$0.1 million or 6.01%. Investment expenses represent approximately 0.3% or 30 basis points of average net position.

Participant and Plan sponsor contributions increased in 2015 to \$25.6 million from \$24.6 million in 2014 due to an increase in the number of employees and higher salary levels. Retirement annuity benefit payments, excluding refunds, totaled \$56.0 million. This represented an increase of \$1.5 million over 2014, which is due to an increase in cost-of-living and the number of retirees.

**Fiscal Year 2014**

Net investment income was comprised of interest and dividends and net appreciation in the fair value of investments less investment expenses. Interest and dividends increased, from \$12.7 million in 2013, to \$13.9 million in 2014. The financial markets reflected favorable conditions during the year and, accordingly, there was a net appreciation in the fair value of the investments of \$25.8 million for 2014, compared to \$100.3 million for fiscal year 2013. The increase in net

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2015 AND 2014**

investment income was primarily due to most of the Plan's funds reflecting positive rates of return. The Plan had an overall weighted average rate of return of 6.6% for financial year 2014.

Investment expenses decreased by \$0.2 million or 6.93%. Investment expenses represent approximately 0.3% or 30 basis points of average net position.

Participant and Plan sponsor contributions increased in 2014 to \$24.6 million from \$23.4 million in 2013 due to an increase in the number of employees and higher salary levels. Retirement annuity benefit payments, excluding refunds, totaled \$54.5 million. This represented an increase of \$1.4 million over 2013, which is due to an increase in cost-of-living and the number of retirees.

## **PLAN FUNDING**

### **Fiscal Year 2015**

On an annual or biennial basis, the market value of the Plan's assets and its investment gains and losses are reviewed by the Plan's actuary to determine the viability and funding progress of the Plan, the latest of which was performed effective June 30, 2015. The Plan's actuarially determined target rate of investment return is 7.0% net of expenses, reflecting the most recent Assumption Study, which also updated assumptions concerning mortality, inflation, and salary scale.

The Plan began using the average value method to determine actuarial asset value effective July 1, 2007. This smoothing method explicitly recognizes each year's investment gain or loss over a five-year period with the final actuarial value not less than 80% or more than 120% of the market value of assets. The Plan implemented Governmental Accounting Standards Board ("GASB") Statement No. 67 Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25 in fiscal year 2014. As required by GASB Statement No. 67, the Plan's fiduciary net position as a percentage of total pension liability was 76.9% as of December 31, 2015. This represents a decline from the 80.9% determined as of December 31, 2014, reflecting the lower asset base and the increase in mortality assumptions.

### **Fiscal Year 2014**

The Plan's actuarially determined target rate of investment return is 8.0% net of expenses. On an annual or biennial basis, the market value of the Plan's assets and its investment gains and losses are reviewed by the Plan's actuary to determine the viability and funding progress of the Plan, the latest of which was performed effective June 30, 2014.

The Plan began using the average value method to determine actuarial asset value effective July 1, 2007. This smoothing method explicitly recognizes each year's investment gain or loss over a five-year period with the final actuarial value not less than 80% or more than 120% of the market value of assets. The Plan implemented Governmental Accounting Standards Board ("GASB")

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2015 AND 2014**

Statement No. 67 *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* in fiscal year 2014. As required by GASB Statement No. 67, the Plan's fiduciary net position as a percentage of total pension liability was 80.9% as of December 31, 2014. This represented a slight decline from the 81.5%, which resulted from applying the current year's GASB Statement No. 67 standards to the prior year's financial results as of December 31, 2013.

As required in prior years by Governmental Accounting Standards Board ("GASB") Statements No. 25 *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and 27, *Accounting for Pension by State and Local Governmental Employers*, the Plan's reported funding progress (expressed as the ratio of the actuarial value of assets to the actuarial accrued liability) was 93.7% as of June 30, 2013. Applying these standards to the current year's financial results, the Plan's funding progress (expressed as the ratio of the actuarial value of assets to the actuarial accrued liability) was 93.3% as of June 30, 2014.

## **OTHER SIGNIFICANT MATTERS**

### **Fiscal Year 2015**

Throughout 2015, the economy continued its slow growth trajectory as the Federal Reserve contemplated the eventual liftoff of its benchmark federal funds rate. U.S. markets experienced significant volatility throughout the year, though both equity and fixed income finished the year on a slightly positive note—both up 0.5% for the year (Russell 3000 and BC Aggregate Bond Index). Growth stocks outperformed value stocks as the Russell 3000 Growth increased 5.1% while its Value counterpart fell 4.1%. Large and Midcap stocks also outperformed, up 2.4% versus a 4.4% decline in the Russell 2000 (Small Cap) index. Inflation remained tame, rising just 0.7% in 2015 largely due to a decline in oil prices. Oil demand actually accelerated in 2015—but surging supply overwhelmed demand to pummel prices. Unemployment declined to 5.0%, a significant and marked improvement from its October 2009 recessionary peak measurement of 10.0%. Chugging along slowly, Gross Domestic Product (GDP) growth matched its 2014 pace of 2.4% year-over-year, as other countries around the world struggled with slow economic growth and a strong U.S. Dollar. These factors proved too strong a headwind for international markets (in US\$ terms), as developed markets declined 0.9% in 2015 and emerging markets fell precipitously—down 14.9% for the year.

### **Fiscal Year 2014**

Throughout 2014, the U.S. economy continued its slow but steady growth trajectory even as the Federal Open Market Committee tapered its monthly purchases of Treasuries and mortgage-backed securities. Quantitative Easing officially ended, but the Federal Reserve reiterated its assurance that the record low benchmark Federal funds rate of 0% to 0.25% would persist for a "considerable time." Investors remained bullish, and by 2014 year-end, the Dow was up 7.5% and the S&P was up 13.7%. The Russell 2000 lagged the larger cap indices and was up only 4.9% -- reversing two consecutive years of small-cap outperformance. Developed international markets continued to lag U.S. returns, due to slower growth and the strong U.S. dollar.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2015 AND 2014**

Throughout the year numerous events could have upset the market momentum and economic recovery--from Winter 2014's "Snowmageddon," to geopolitical activities in the Ukraine and Middle East, and the dramatic drop in oil and gas prices--but its core strength would not be deterred. Inflation remained tame, rising just 0.8% in 2014 largely due to ample oil supplies and lower gasoline prices. Consumers benefited from the gas price drop just in time for the holiday shopping season, although the longer-term impact on oil and gas producers and suppliers remains to be seen. Unemployment declined to 5.6%, a significant and marked improvement from its October 2009 peak of 10%. Despite a third quarter upward revision to 5%, Gross Domestic Product remained on its slow-but-steady track, growing 2.4% year-over-year in 2014 and surpassing its 2.2% growth in 2013.

**ADDITIONAL INFORMATION**

These financial statements present the finances of the Plan in accordance with accounting principles generally accepted in the United States of America. Questions about these financial statements or other inquiries 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  
EMPLOYEES' RETIREMENT PLAN  
STATEMENTS OF PLAN NET POSITION  
DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 6,453,694	\$ 4,492,454
Investments at fair value:		
Mutual and/or commingled funds	547,025,553	558,661,334
U.S. Government and agency bonds	51,693,655	59,194,454
Corporate and other bonds	34,676,500	25,647,793
Common stock	41,639,164	43,556,532
Investment contracts with insurance company	32,780,178	63,204,721
Other holdings:		
Cash collateral received under securities lending agreements (Note H)	28,852,182	43,064,028
Limited partnership units	20,000	20,000
Other fixed holdings	29,648	58,793
Total investments	736,716,880	793,407,655
Dividends and accrued interest receivable	581,309	556,081
Contributions receivable from employees	144,397	176,910
Total Assets	743,896,280	798,633,100
<b><u>LIABILITIES</u></b>		
Payable for collateral received under securities lending agreements (Note H)	28,852,182	43,064,028
Benefits payable and accrued expenses	1,364,070	1,121,526
Deferred prefunded WSSC contributions (Note C)	11,173,425	10,482,508
Total Liabilities	41,389,677	54,668,062
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 702,506,603</b>	<b>\$ 743,965,038</b>

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

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
STATEMENTS OF CHANGES IN PLAN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b><u>ADDITIONS</u></b>		
Investment Income:		
Net appreciation in the fair value of		
Plan investments	\$ (20,572,223)	\$ 25,849,547
Dividends and interest	12,483,407	13,879,805
	(8,088,816)	39,729,352
Less investment expenses	(2,283,066)	(2,153,584)
Net investment income	(10,371,882)	37,575,768
Contributions (Note C):		
WSSC contributions	21,655,933	20,731,968
Employee contributions	3,930,364	3,823,065
Total contributions	25,586,297	24,555,033
Total Additions	15,214,415	62,130,801
<b><u>DEDUCTIONS</u></b>		
Benefit payments to retirees	56,032,850	54,537,417
Refunds of employees' contributions and interest earned	640,000	396,944
Total Deductions	56,672,850	54,934,361
<b>NET INCREASE IN NET POSITION</b>	(41,458,435)	7,196,440
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>		
<b>BEGINNING OF YEAR</b>	743,965,038	736,768,598
<b>END OF YEAR</b>	\$ 702,506,603	\$ 743,965,038

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



**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE A. DESCRIPTION OF PLAN**

General

The Plan, a single employer contributory defined benefit retirement plan, was established in 1967 to provide retirement and death benefits for the employees of the Washington Suburban Sanitary Commission ("WSSC") under conditions set forth in the Plan Document based on an employee's age, length of service, and compensation. The Retirement Plan Document is amended from time to time. As of December 31, 2015, with the Plan last amended on December 18, 2012. The Plan was subsequently amended in January 2016. The Plan may be amended by Commission resolution or by the Executive Director on behalf of the Commission.

WSSC implemented the Open Version of the Plan on July 1, 1978. Members of the Plan as of June 30, 1978 had an option to be included in the Open Version. This option expired December 31, 1978. The Open Version is mandatory for new employees. It generally provides for reduced employee contributions and benefits.

As of December 31, 2015 and 2014, there were 1,577 and 1,540 employees, respectively, participating in the Open Version of the Plan, and 8 and 9 employees, respectively, participating in the Closed Version of the Plan, a total of 1,585 and 1,549 employee participants, respectively.

As of December 31, 2015 and 2014, there were 1,580 and 1,542 retirees and/or beneficiaries, respectively, receiving benefits from the Plan, and there were 92 and 86 terminated vested employees, respectively, not yet receiving benefits. Ten and Thirteen employees retired in fiscal years 2015 and 2014, respectively, and began receiving benefits in subsequent fiscal years.

The Plan provides a review process for participants whose claim for benefits is denied. There were no reviews pending as of December 31, 2015 and 2014.

Contributions

The Plan requires employees under the Closed Version to contribute 6% of gross wages and employees under the Open Version to contribute 3% of gross wages as a condition of employment.

Expenses

WSSC pays the administrative expenses of the Plan, other than investment management and consulting fees.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE A. DESCRIPTION OF PLAN (Continued)**

Pension Benefits

The Plan provides for 100% vesting of retirement benefits after five years of credited service.

Generally, the normal retirement benefits payable to an eligible participant are equal to the sum of:

1. 2.1% of final average monthly compensation multiplied by the Closed Version credited service, plus
2. 1.4% of final average monthly compensation multiplied by the Open Version credited service where the sum of Closed Version credited service and Open Version credited service, exclusive of accumulated sick leave service is subject to a maximum of 36 years.

The Plan provides options for disability and early retirement to eligible participants or their surviving spouses.

The Plan provides for periodic cost of living increases to retirement benefits. Participants covered by the Closed Version will receive an increase two months following a sustained increase in the Consumer Price Index of 3% or more. Participants in the Open Version receive an increase each March 1, based on the preceding calendar year's increase in the Consumer Price Index. The first increase may be pro-rated depending on the time of retirement.

Plan Termination

In the event of termination, Plan assets are to be allocated in the following priorities:

1. Expenses, fees and other charges under the Plan, not previously paid.
2. Pension benefits based upon contributions made by employees and interest earned thereon.
3. Pension benefits based upon contributions made by the employer which are vested.
4. All other pension benefits under the Plan.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The Plan's financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statements. The Statements requires two basic financial statements: the statement of plan net position and the statement of changes in plan net position. For financial reporting purposes, the Plan is considered a retirement plan.

Basis of Accounting

The financial statements of the Washington Suburban Sanitary Commission Employees' Retirement Plan (the "Plan") are presented on the accrual basis of accounting. Contributions are recognized by the Plan 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 Plan.

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 Plan 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 Plan's year end. Plan investments in market-traded securities, including U.S. government and agency securities, municipal and corporate bonds, and common stock are reported at last quoted sales/bid prices provided by independent pricing vendors. Holdings in SEC-registered external investment pools are reported at fair value based upon the Net Asset Value (NAV) of shares/units held at year end, provided by independent pricing vendors. Cash equivalents are valued at cost, which approximates fair value.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Plan holds investment contracts with Prudential Financial. The fair value of these contracts is determined based on the fair value of the underlying pooled assets, and is an estimate only and not the result of a precise calculation which would be done at contract discontinuance or to measure the impact of excess withdrawals in any calendar year. It does not constitute an offer by Prudential Financial or a final experience adjustment.

Net appreciation (depreciation) in the fair value of investments reflected in the Statements of Changes in Plan 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.

Reclassifications

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

Accounting Changes

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 financial statements for fiscal years beginning after June 15, 2013. The Plan implemented this Statement in fiscal year 2014.

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 Plan's management is evaluating the impact of the pronouncement on its financial statements.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE C. CONTRIBUTIONS**

WSSC funds annual pension plan costs based upon a level percentage of payroll costs. WSSC's contribution, which is paid in a lump sum on July 1 each year, amounted to \$22,346,849 and \$20,965,016 on July 1, 2015 and 2014, respectively. At December 31, 2015 and 2014, \$11,173,425 and \$10,482,508, respectively, of these contributions were recorded as deferred prefunded WSSC contributions. For the years ended December 31, 2015 and 2014, the Plan recognized WSSC's contributions of \$21,655,933 and \$20,731,968, respectively.

**NOTE D. TRUSTEES OF THE PLAN**

WSSC established a Board of Trustees (the "Board") for the Plan to be responsible for the investment management of the Plan's assets for the exclusive benefit of the Plan's participants. The trustees are governed by a Trust Agreement. The agreement provides for trustees to be appointed by WSSC and for the eleven-member Board to be composed of two Commissioners, four employees who are participants of the Plan, two representatives of the public, two retirees who are participants in the Plan, and the Executive Director of the Plan.

The administration of the Plan is managed by the Executive Director of the WSSC Employee Retirement Plan who is appointed by the General Manager of WSSC.

**NOTE E. INTERNAL REVENUE STATUS**

The Plan obtained its latest determination letter dated May 25, 2012, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code; therefore, the Plan was qualified and the related Trust was tax exempt as of December 31, 2015 and 2014.

**NOTE F. INVESTMENTS**

***Investment Policy***

The Plan's investment policy and any changes to the policy are adopted by the Board of Trustees of the Plan. The most recent version of the policy was approved in April 2011 and contains long-term asset allocation ranges.

The primary objective of the investment policy is to assure that assets will be available to pay retirement benefits throughout the life of the Plan and to maintain or improve the market value of the fund relative to vested and accrued benefit liabilities. The objectives

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE F. INVESTMENTS (Continued)**

seek to preserve the actuarial soundness of the Plan by achieving a long-term return of at least the actuarial return rate and to prudently manage the inherent investment risks that are related to the achievement of this goal.

Long-term asset allocation ranges are developed based on several factors including: the long-term investment goals of the Plan; the Trustee's tolerance for short-term losses; the Plan's liquidity needs; and any legal or regulatory requirements.

As of December 31, 2015 and 2014, the Plan's long-term asset allocation ranges were as follows:

	<u>Target</u>	<u>Range</u>
U.S. Stocks	38%	33 - 43%
Non-U.S. Stocks	12	9 - 15
Emerging Markets Stocks	5	2 - 8
Global Tactical Asset Allocation	15	11 - 19
Fixed Income	21	17 - 25
Real Return Strategies	5	0 - 10
Real Estate	4	0 - 8
Total	<u>100</u>	

The Plan has a rebalancing policy, which allows the Executive Director and staff the flexibility to adjust assets classes for purposes of rebalancing without approval from the Board of Trustees.

***Money-Weighted Rate of Return***

For the years ended December 31, 2015 and 2014, respectively, the annual money-weighted rate of return on Plan investments, net of investment expense, was -1.22% and 5.21%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE F. INVESTMENTS (Continued)**

*Risks Common to Investments*

The Plan's investments are subject to the following risks common to investments:

- **Custodial Credit Risk** is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

The Plan's investments for fiscal year 2015 and 2014 are partially insured and registered in the Plan's name, and are generally segregated by the counterparty in a manner to protect them from certain claims by creditors. The Plan also invests in mutual and commingled trust funds which are not generally exposed to custodial credit risks. At December 31, 2015 and 2014, there were no deposits subject to custodial credit risk.

- **Credit Risk** is the risk that an issuer to an investment will not fulfill its obligations. The Plan seeks to maintain a diversified portfolio of fixed income securities in order to obtain the highest total return at an acceptable level of risk. As of December 31, 2015 and 2014, the quality ratings of the Plan's fixed income investments in U.S. Government obligations and corporate bonds were as follows:

<u>Fiscal Year 2015 Quality Rating</u>	<u>Fair Value</u>	<u>Percentage</u>
<b>U.S. Government and Agency Bonds:</b>		
AAA/AA+	\$ 51,693,655	59.85%
<b>Corporate Bonds:</b>		
AAA	8,441,756	9.77%
AA+	601,102	0.70%
AA	880,180	1.02%
AA-	647,386	0.75%
A+	463,934	0.54%
A	2,853,161	3.30%
A-	2,519,116	2.92%
BBB+	6,292,074	7.28%
BBB	4,609,511	5.34%
BBB-	3,093,314	3.58%
Unrated	4,274,966	4.95%
Total Corporate Bonds	<u>34,676,500</u>	<u>40.15%</u>
Total	<u>\$ 86,370,155</u>	<u>100.00%</u>

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE F. INVESTMENTS (Continued)**

<u>Fiscal Year 2014 Quality Rating</u>	<u>Fair Value</u>	<u>Percentage</u>
<b>U.S. Government and Agency Bonds:</b>		
AAA/AA+	\$ 59,194,454	69.77%
<b>Corporate Bonds:</b>		
AAA	4,668,604	5.50%
AA+	476,377	0.56%
AA	305,683	0.36%
AA-	263,465	0.31%
A+	726,041	0.86%
A	2,505,020	2.95%
A-	4,307,513	5.08%
BBB+	3,404,533	4.01%
BBB	2,179,788	2.57%
BBB-	2,141,979	2.53%
BB+	104,390	0.12%
Ca	117,949	0.14%
Unrated	4,446,451	5.24%
Total Corporate Bonds	<u>25,647,793</u>	<u>30.23%</u>
Total	<u>\$ 84,842,247</u>	<u>100.00%</u>

Certain mutual and/or commingled funds of the Plan maintain investments that include fixed income securities, such as, the Vanguard High Yield Corporate (Vanguard) and Wellington OIA (Wellington) funds. As of December 31, 2015 and 2014, the ratings of the underlying securities of the Vanguard fund were AAA/BBB/BB/B/Below B. Ratings were unavailable for the underlying securities of the Wellington fund. The other mutual funds, which were equity-based, and the investment contracts were unrated.

- **Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.



**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE F. INVESTMENTS (Continued)**

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's fixed income investments by maturity:

**Fiscal Year 2015**

Investment Type	Total	Remaining Maturities (In Months)			
		12 Months Or Less	13 to 24 Months	25 - 60 Months	More Than 60 Months
U.S. Government and Agency bonds:					
Mortgage-backed securities	\$ 18,473,990	\$ 6,065,447	\$ 16,551	\$ 74,990	\$ 12,317,002
U.S. Treasury Notes	33,219,665	-	2,194,594	7,821,505	23,203,566
Corporate bonds	34,676,500	-	1,416,914	7,752,794	25,506,792
	<u>\$ 86,370,155</u>	<u>\$ 6,065,447</u>	<u>\$ 3,628,059</u>	<u>\$ 15,649,289</u>	<u>\$ 61,027,360</u>

**Fiscal Year 2014**

Investment Type	Total	Remaining Maturities (In Months)			
		12 Months Or Less	13 to 24 Months	25 - 60 Months	More Than 60 Months
U.S. Government and Agency bonds:					
Mortgage-backed securities	\$ 16,413,499	\$ 84,112	\$ 6,593	\$ 156,091	\$ 16,166,703
U.S. Treasury Notes	42,780,955	4,410,214	9,499,203	4,060,634	24,810,904
Corporate bonds	25,647,793	579,776	475,689	5,841,810	18,750,518
	<u>\$ 84,842,247</u>	<u>\$ 5,074,102</u>	<u>\$ 9,981,485</u>	<u>\$ 10,058,535</u>	<u>\$ 59,728,125</u>

The mortgage-back securities listed above are considered highly sensitive to interest rate risk.

Also, as of December 31, 2015 and 2014, the weighted average maturity (WAM) of the underlying securities of the Vanguard High Yield Corporate Fund (a mutual and/or commingled fund of the Plan) was 5.8 years and 4.8 years, respectively. The WAM of the other mutual and/commingled funds were unavailable.

- **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 Plan mitigates this risk by limiting its investments in non-U.S. securities.

As of December 31, 2015 and 2014, the Plan's mutual and/or commingled funds that contained underlying foreign related investments were as follows:

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE F. INVESTMENTS (Continued)**

	<u>2015</u>	<u>2014</u>
Morgan Stanley Investment Management		
International Equity Trust	\$ 61,362,892	\$ 61,127,022
Dimensional Fund Advisors	24,891,215	30,643,893
Wellington OIA Fund	53,331,084	53,051,369
Blackrock Investments	58,919,349	59,409,760
JP Morgan Global Focus Fund	58,681,291	59,505,022
Voya Clarion Global Securities	26,077,441	26,471,558
Total	<u>\$ 283,263,272</u>	<u>\$ 290,208,624</u>

- **Concentration of Credit Risk** - Individual investments that represent 5 percent or more of the fair value of the Plan's net position are as follows:

	<u>2015</u>	<u>2014</u>
ICM Small Company Portfolio	\$ 43,911,492	\$ 45,364,554
Vanguard Total Stock Market Index Fund	95,967,085	95,536,676
State Street Global Advisor	79,891,211	82,980,116
Morgan Stanley Investment Management		
International Equity Trust	61,362,892	61,127,022
Vanguard High Yield Corporate Fund	43,992,493	44,571,364
BlackRock Global Allocation Fund	58,919,349	59,409,760
Wellington OIA Fund	53,331,084	53,051,369
JP Morgan Global Focus Fund	58,681,291	59,505,022

For U.S. Government or Agency securities, investment managers invest no more than 7 percent of their portion of Plan assets, at cost, and no more than 10 percent at market, in securities of any one issuer or its subsidiaries or affiliates.

**NOTE G. INVESTMENT IN REAL ESATATE FUND**

The Plan invests in the Voya Clarion Global Real Estate Securities Trust Fund, which is valued using quoted market prices on the last business day of the Plan's year end. In fiscal year 2013, the holding was transferred from the CBRE Clarion Global REIT to a comparable collective trust with Voya Financial®.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE H. SECURITIES LENDING**

The Board of Trustees permits the Plan to lend its securities to broker-dealers and other entities (the "Borrowers") for collateral that will be returned for the same securities in the future. The Plan's custodian is the agent in lending the Plan's securities for collateral of 102 percent for domestic securities and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the Plan or the Borrowers. Cash collateral received from the Borrowers is invested by the lending agent, as an agent for the Plan, in a short-term investment pool in the name of the Plan, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, and which the Plan cannot determine. The Plan records a liability for the return of the cash collateral shown as collateral held for securities lending in the Statements of Plan Net Position. The Board does not restrict the amount of loans the lending agent may make on its behalf. The agent indemnifies the Plan by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a Borrower fails to return loaned securities or pay distributions thereon.

As of December 31, 2015 and 2014, the fair value of securities on loan was \$28,157,835 and \$42,021,952 respectively. Cash received as collateral and the related liability of \$28,852,182 and \$43,064,028 as of December 31, 2015 and 2014 are shown on the Statements of Plan Net Position. Securities received as collateral are not reported as assets since the Plan does not have the ability to pledge or sell the collateral securities.

Securities lending revenues and expenses amounting to \$141,178 and \$79,755, respectively, for December 31, 2015 and \$137,907 and \$70,942, respectively, for December 31, 2014, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions as of December 31, 2015 and 2014:

	<u>Fair Value of Underlying Securities</u>	<u>Cash Collateral Investment Value</u>
<u>December 31, 2015</u>		
Securities Loaned for Cash Collateral		
Corporate Bonds	\$ 2,278,431	\$ 2,338,475
Common Stock	7,412,212	7,650,732
U.S. Government & Agency Bonds	<u>18,467,192</u>	<u>18,862,975</u>
Total	<u>\$ 28,157,835</u>	<u>\$ 28,852,182</u>

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE H. SECURITIES LENDING (Continued)**

	Fair Value of Underlying Securities	Cash Collateral Investment Value
<u>December 31, 2014</u>		
Securities Loaned for Cash Collateral		
Corporate Bonds	\$ 2,270,377	\$ 2,332,522
Common Stock	12,102,218	12,469,081
U.S. Government & Agency Bonds	<u>27,649,357</u>	<u>28,262,425</u>
Total	<u>\$ 42,021,952</u>	<u>\$ 43,064,028</u>

At year-end, the Plan has credit risk exposure to Borrowers because the amount the Plan owes the Borrowers is less than the amounts the Borrowers owe the Plan. The Plan is fully indemnified by its custodial bank against any losses incurred as a result of Borrower default.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2015 and 2014, there were no funds held by a counterparty that was acting as the Plan's agent in securities lending transactions.

**NOTE I. RISKS AND UNCERTAINTIES**

The Plan 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 change could materially affect the amounts reported in the statements of plan net position.

**NOTE J. RELATED-PARTY TRANSACTIONS**

An affiliate of the Plan's custodian, Northern Trust Asset Management, became an investment manager for the Plan in fiscal year 2014. At December 31, 2015, funds managed totaled \$57.8 million, and comprised of cash equivalents and investments of \$1.7 million and \$56.1 million, respectively. For the year ended December 31, 2015, the Plan incurred approximately \$98,504 in management fees with this investment manager.

At December 31, 2014, funds managed totaled \$61.6 million, and comprised of cash equivalents and investments of \$3.2 million and \$58.4 million, respectively. For the year ended December 31, 2014, the Plan incurred approximately \$19,233 in management fees with this investment manager.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE K. NET PENSION LIABILITY OF WSSC**

The components of the net pension liability of WSSC at December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 913,076,226	\$ 919,442,048
Plan fiduciary net position	<u>(702,506,602)</u>	<u>(743,965,038)</u>
WSSC's net pension liability	<u>\$ 210,569,624</u>	<u>\$ 175,477,010</u>
Plan's fiduciary net position as a percentage of the total pension liability	76.94%	80.91%

***Actuarial assumptions***

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2015</u>	<u>2014</u>
Inflation	2.50%	3.50%
Salary increases	2.75% to 7.50%	5.00%
Investment rate of return	7.00%	8.00%

The mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, with Blue Collar adjustments and one year age set-forward, and projected to 2025 using Scale BB. The GAM83 tables with 10-year set forward were used for the valuation of disabled members.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience analysis covering 2011 through 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE K. NET PENSION LIABILITY OF WSSC (Continued)**

applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation and the final investment return assumption are summarized in the following table:

<b>Asset class:</b>	2015	2014
Domestic equity	5.70%	5.70%
International equity - developed	6.00%	5.80%
International equity - emerging	6.80%	6.80%
Fixed income - investment	2.30%	2.30%
Fixed income - high yield	4.10%	4.10%
Treasuries (cash equivalent)	0.75%	0.75%
Real estate	4.10%	4.10%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.0% and 7.65% for 2015 and 2014, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

***Other Key Actuarial Assumptions***

The other key actuarial assumptions that determined the total pension liability as of December 31, 2015 and 2014 included:

Valuation date	July 1, 2015	July 1, 2014
Measurement date	December 31, 2015	December 31, 2014
Inflation	2.50%	3.50%
Salary increased including inflation	2.75% to 7.50%	5.00%

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE K. NET PENSION LIABILITY OF WSSC (Continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00% and 7.65% for 2015 and 2014, respectively, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
WSSC's net pension liability (2015)	\$ 315,409,666	\$ 210,569,624	\$ 122,062,981

  

	<b>1% Decrease 6.65%</b>	<b>Current Discount Rate 7.65%</b>	<b>1% Increase 8.65%</b>
WSSC's net pension liability (2014)	\$ 279,342,742	\$ 175,477,010	\$ 87,246,132

**NOTE L. SUBSEQUENT EVENTS**

Subsequent to the date of this report, additional information related to the Plan's holdings in the Wakpamni Lake Community Corporation Special Limited Revenue bonds (CUSIP: 931130AA6) became available. The holdings in the debt securities are shown as of December 31, 2015 at a value of \$4.2 million, reflecting the \$4.1 million face amount and \$0.1 million of accrued unpaid interest. The bond, issued in 2014, pays a 5.62% annual coupon, which was received in September of 2015. Under the offering agreement at bond issuance, a majority of the \$25 million initial issuance (of which the Plan held \$4.1 million) was to be placed in an annuity with an annuity provider as a source of future interest payments.

In May of 2016, subsequent to other SEC-related charges and a declaration of technical default by the bond's trustee, federal prosecutors brought charges in the Southern District of New York against seven individuals for securities fraud and investment adviser fraud related to the issuance of Wakpamni Lake bonds and the misuse of funds which were to be placed in the annuity agreement. The charges strongly suggest an impairment of the securities in the amount of the face amount of the bonds plus any accrued interest and such impairment will be reflected in the Plan's financial statements going forward.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE L. SUBSEQUENT EVENTS (Continued)**

Representatives of the Plan continue to participate in on-going bondholder activities related to potential recovery of the funds. Meanwhile, the investment firm which first placed the trade on the Plan's behalf, Atlantic Asset Management (the former Hughes Capital), has been placed into receivership by the SEC and a plan for distribution of the firm's remaining assets has been filed with the court by the receiver.

The Plan has evaluated events subsequent to December 31, 2015 and through October 18, 2016, the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	2015	2014	2013	2006 - 2012**
<b>Total Pension Liability:</b>				
Service cost	\$ 9,828,010	\$ 11,098,519	\$ 10,541,264	
Interest on total pension liability	61,611,259	67,317,785	66,214,298	
Effect of plan changes	-	-	-	
Effect of assumption changes or inputs	32,257,956	-	-	
Difference between expected and actual experience	(53,390,196)	(8,657,936)	-	
Benefit payments, including refunds of contributions	(56,672,851)	(54,934,361)	(53,545,268)	
Net change in pension liability	(6,365,822)	14,824,007	23,210,294	
Total pension liability, beginning of the year	919,442,048	904,618,041	881,407,746	
Total pension liability, end of year (a)	913,076,226	919,442,048	904,618,040	
<b>Plan Fiduciary Net Pension:</b>				
Employer contributions	21,655,933	20,731,968	19,768,897	
Member contributions	3,930,364	3,823,065	3,652,732	
Investment income net of investment expenses	(10,371,882)	37,575,768	110,734,486	
Benefit payments	(56,672,851)	(54,934,361)	(53,545,268)	
Administrative expenses	-	-	-	
Net change in plan fiduciary position	(41,458,436)	7,196,440	80,610,847	
Fiduciary net position, beginning of the year	743,965,038	736,768,598	656,157,751	
Fiduciary net position, end of year (b)	702,506,602	743,965,038	736,768,598	
Net pension liability, end of year (a-b)	\$ 210,569,624	\$ 175,477,010	\$ 167,849,442	
Plan fiduciary net position as a percentage of total pension liability	76.94%	80.91%	81.45%	
Covered payroll	\$ 128,141,615	\$ 122,674,367	\$ 116,975,722	
Plan's net pension liability as a percentage of covered payroll	164.33%	143.04%	143.49%	

*See accompanying independent auditor's report.*

*\*\* This schedule is presented to illustrate the requirement to show information for 10 years. The Plan presents information for available years and additional years will be displayed as they become available.*

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

**Notes to Schedule of Changes in Net Pension Liability and Related Ratios:**

*Benefit changes* – There have been no changes in benefit assumptions since the implementation of GASB 67 and 68.

*Changes in assumptions* – There were several changes in actuarial assumptions since the prior year, including rates of mortality, retirement, and termination; as well as inflation, salary increases, and investment return. Actuarial assumptions are presented in Note K of the financial statements.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2006	\$ 18,816,521	\$ 15,752,964	\$ 3,063,557	\$ 93,212,805	16.9%
2007	20,663,778	15,755,202	4,908,576	93,226,047	16.9%
2008	18,115,582	15,832,225	2,283,357	93,681,805	16.9%
2009	13,322,921	16,337,171	(3,014,250)	96,669,651	16.9%
2010	19,248,208	17,491,535	1,756,673	103,500,207	16.9%
2011	24,526,595	18,455,605	6,070,990	109,204,763	16.9%
2012	22,748,813	18,862,636	3,886,177	111,613,231	16.9%
2013	24,242,634	19,768,897	4,473,737	116,975,722	16.9%
2014	27,284,797	20,731,968	6,552,829	122,674,367	16.9%
2015	20,100,358	21,655,933	(1,555,575)	128,141,615	16.9%

*See accompanying independent auditor's report.*

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Notes to Schedule of Contributions:**

***Valuation date:***

Actuarially determined contribution rates are calculated as of July 1st of the fiscal year in which the contributions are reported. WSSC's policy is to complete an actuarial study at least once every two years.

***Methods and assumptions used to determine contribution rates:***

Actuarial cost method	Entry age normal (funding valuation uses a fixed rate of contribution)
Inflation	2.50%
Salary increases	2.75 to 7.50 % including inflation
Investment rate of return	7.0% net of pension plan investment expenses, including inflation
Cost of living adjustments	2.50%
Retirement age	Table of rates by age and eligibility
Mortality	Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, with Blue Collar adjustments and one year age set-forward, and projected to 2025 using Scale BB. The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience analysis covering 2011 through 2015.

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF INVESTMENT RETURNS**

Year Ended December 31,	Net Money- Weighted Rate of Return (%)**
2005	5.30
2006	12.98
2007	7.96
2008	(29.12)
2009	22.14
2010	14.16
2011	(2.48)
2012	14.10
2013	17.31
2014	5.21
2015	(1.22)

*See accompanying independent auditor's report.*

*\*\* This schedule is presented to illustrate the requirement to show information for 10 years.*

## **OTHER SUPPLEMENTARY INFORMATION**

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

		<u>Cost</u>	<u>Fair Value</u>
<b>Mutual and/or Commingled Funds:</b>			
	<u>Shares</u>		
1,778,513	ICM Small Company Portfolio Morgan Stanley Investment Management	\$ 47,659,398	\$ 43,911,492
251,385	International Equity Trust	2,354,284	61,362,892
1,220,158	Dimensional Fund Advisors	38,145,523	24,891,215
7,940,883	Vanguard High Yield Corporate Fund	47,285,343	43,992,493
2,088,966	Vanguard Total Stock Market Index Fund	67,291,133	95,967,085
1,122,556	State Street Global Advisor	32,831,329	79,891,211
3,286,076	BlackRock Global Allocation Fund	66,264,446	58,919,349
4,364,246	Wellington OIA Fund	52,447,007	53,331,084
2,758,876	JP Morgan Global Focus Fund	38,872,562	58,681,291
830,923	Voya Clarion Global Securities	27,140,377	26,077,441
	<b>TOTAL MUTUAL AND/OR COMMINGLED FUNDS</b>	<b>\$ 420,291,402</b>	<b>\$ 547,025,553</b>

**U.S. Government and Agency Bonds:**

		<u>Par</u>		
\$	859	Federal Home Loan Mortgage Corporation Group #E88105, 6.00%, due March 1, 2017	867	874
	23,858	Federal Home Loan Mortgage Corporation Pool #G13076, 5.00%, due March 1, 2023	23,776	25,777
	871,946	Federal Home Loan Mortgage Corporation Pool #J25400 3.00%, due September 1, 2028	900,421	900,211
	23	Federal Home Loan Mortgage Corporation Pool #E00938, 7.00%, due January 1, 2016	24	23
	9,798	Federal Home Loan Mortgage Corporation Group #E01098, 6.00%, due February 1, 2017	9,918	9,987
	36,235	Federal Home Loan Mortgage Corporation Pool #B13269, 4.50%, due April 1, 2019	35,185	37,476
	200,823	Federal Home Loan Mortgage Corporation Pool #G12395 6.00%, due October 1, 2021	217,572	216,015
	177,930	Federal Home Loan Mortgage Corporation Pool #J02815 5.50%, due June 1, 2021	190,913	189,057
	445,959	Federal Home Loan Mortgage Corporation Pool #J19310 3.00%, due June 1, 2027	470,974	460,418
	507,783	Federal Home Loan Mortgage Corporation Pool #J16823 4.00%, due October 1, 2026	538,585	530,707
	47,926	Federal Home Loan Mortgage Corporation Group #G01771 5.50%, due February 1, 2035	52,329	53,291



**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>U.S. Government and Agency Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
<u>Par</u>			
\$ 2,350,000	Federal National Mortgage Association 3.00% 30 years	\$ 2,354,773	\$ 2,350,021
3,600,000	Federal National Mortgage Association 3.50%, due 30 years	3,720,938	3,714,203
782,453	Federal National Mortgage Association Pool #AE4481 4.00%, due April 1, 2041	818,530	829,986
85,931	Federal National Mortgage Association Pool #AE5773 4.5%, due September 1, 2025	90,946	88,881
221,839	Federal National Mortgage Association Pool #AB2782 5.00%, due April 1, 2041	236,293	246,250
473,247	Federal National Mortgage Association Pool #AA7755, 4.5%, due June 1, 2024	491,086	509,811
443,026	Federal National Mortgage Association Pool #AA7889 5.0%, due June 1, 2024	468,431	473,467
1,406,659	Federal National Mortgage Association Pool #AA8719 5.0%, due June 1, 2039	1,456,991	1,586,013
133,858	Federal National Mortgage Association Pool #AC4521 4.0%, due August , 2024	140,216	140,598
823,027	Federal National Mortgage Association Pool #AC5454 6.0%, due November 1, 2039	879,095	939,794
250,130	Federal National Mortgage Association Pool #AE5105 4.50%, due October 1, 2040	265,595	270,695
478	Federal National Mortgage Association Pool #253883, 6.00%, due August 1, 2016	480	481
351	Federal National Mortgage Association Pool #253941, 7.00%, due August 1, 2016	360	355
2,490	Federal National Mortgage Association Pool #254259, 5.50%, due April 1, 2017	2,458	2,537
883	Federal National Mortgage Association Pool #545404, 6.00%, due January 1, 2017	883	894
36	Federal National Mortgage Association Pool #545093, 7.50%, due June 1, 2016	38	37
223	Federal National Mortgage Association Pool #580052, 6.00%, due July 1, 2016	226	225

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>U.S. Government and Agency Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
<u>Par</u>			
\$ 103	Federal National Mortgage Association Pool #580044, 6.00%, due June 1, 2016	\$ 103	\$ 104
515	Federal National Mortgage Association Pool #630293, 6.00%, due March 1, 2017	523	515
1,717	Federal National Mortgage Association Pool #634771, 6.00%, due March 1, 2017	1,734	1,745
35,808	Federal National Mortgage Association Pool #789085, 5.50%, due August 1, 2019	35,876	37,514
56,078	Federal National Mortgage Association Pool #910434, 6.00%, due January 1, 2037	56,525	63,868
91,141	Federal National Mortgage Association Pool #916933, 5.50%, due May 1, 2037	97,692	103,076
67,691	Federal National Mortgage Association Pool #929627, 5.50%, due June 1, 2038	68,431	76,014
761,420	Federal National Mortgage Association Pool #930134 5.50%, due November 1, 2038	806,391	869,870
27,174	Federal National Mortgage Association Pool #976406, 5.50%, due March 1, 2038	27,725	30,514
295,255	Federal National Mortgage Association Pool #AQ2196, 4.00%, due November 1, 2042	318,137	312,880
343,788	Federal National Mortgage Association Pool #932724, 4.00%, due April 1, 2025	364,416	364,638
679,180	Federal National Mortgage Association Pool #AH6623, 4.00%, due March 1, 2041	722,902	720,597
1,107,881	Federal National Mortgage Association Pool #AU7032, 4.00%, due November 1, 2043	1,192,357	1,179,161
765,592	Federal National Mortgage Association Pool #AZ903, 4.00%, due June 1, 2041	815,356	811,565
289,265	Federal National Mortgage Association Pool #AW6233, 4.50%, due June 1, 2044	317,695	316,435
4,588	Government National Mortgage Association Pool #403952, 8.00%, due September 15, 2024	4,748	5,078
2,041	Government National Mortgage Association Pool #423986, 8.00%, due August 15, 2026	2,080	2,333

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>U.S. Government and Agency Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 435,000	\$ 191,252	\$ 187,140
	United States Treasury Notes, 4.38%, due August 15, 2043		
	370,000	354,492	359,348
	United States Treasury Notes, 2.875%, due August 15, 2045		
	1,605,000	1,606,078	1,601,426
	United States Treasury Notes, 2.25%, due November 15, 2025		
	2,485,000	2,481,693	2,489,756
	United States Treasury Notes, 2.125%, due December 31, 2022		
	1,300,000	1,300,017	1,298,578
	United States Treasury Notes, 1.75%, due December 31, 2020		
	418,000	697,945	803,531
	United States Treasury Notes, 2.125%, due April 15, 2028		
	257,000	447,946	505,122
	United States Treasury Notes, 3.875%, due April 15, 2029		
	435,000	517,171	623,987
	United States Treasury Notes, 2.375%, due January 15, 2025		
	478,000	532,524	636,392
	United States Treasury Notes, 2.00%, due January 15, 2026		
	216,000	236,865	294,496
	United States Treasury Notes, 2.375%, due January 15, 2027		
	320,000	426,366	419,954
	United States Treasury Notes, 2.50%, due January 15, 2029		
	439,000	535,572	568,758
	United States Treasury Notes, 2.375%, due February 15, 2040		
	503,000	637,317	646,823
	United States Treasury Notes, 2.125%, due February 15, 2041		
	338,000	340,080	312,551
	United States Treasury Notes, 0.75%, due February 15, 2042		
	184,000	175,074	161,080
	United States Treasury Notes, 0.625%, due February 15, 2043		
	793,000	877,085	823,603
	United States Treasury Notes, 1.375%, due February 15, 2044		
	350,000	328,366	308,297
	United States Treasury Notes, 0.75%, due February 15, 2045		
	374,000	452,227	448,276
	United States Treasury Notes, 2.625%, due July 15, 2017		
	274,000	313,622	313,267
	United States Treasury Notes, 1.375%, due January 15, 2020		
	1,356,000	1,388,461	1,366,536
	United States Treasury Notes, .625%, due January 15, 2024		
	1,336,000	1,354,652	1,348,117
	United States Treasury Notes, 0.125%, due April 15, 2019		
	1,319,000	1,312,999	1,264,225
	United States Treasury Notes, .25% due January 15, 2025		
	618,000	751,423	723,568
	United States Treasury Notes, 1.625%, due January 15, 2018		
	703,000	791,939	802,751
	United States Treasury Notes, 1.375%, due July 15, 2018		

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

		<u>Cost</u>	<u>Fair Value</u>
<b>U.S. Government and Agency Bonds:</b>			
	<u>Par</u>		
\$	1,105,000	\$ 1,118,978	\$ 1,107,966
	1,169,000	1,164,048	1,167,144
	1,540,000	1,667,307	1,568,206
	1,671,000	1,820,325	1,746,319
	1,375,000	1,468,938	1,378,888
	1,113,000	1,188,877	1,099,584
	93,000	103,031	105,473
	101,000	125,065	119,297
	1,044,000	1,152,027	1,170,232
	1,950,000	2,049,051	2,002,489
	877,000	994,120	931,545
	1,035,000	1,016,451	984,609
	1,576,000	1,544,827	1,530,330
<b>TOTAL U.S. GOVERNMENT AND AGENCY BONDS</b>		<b><u>51,664,805</u></b>	<b><u>51,693,655</u></b>
<b>Corporate Bonds:</b>			
	<u>Par</u>		
\$	160,000	159,734	159,004
	60,000	59,585	58,776
	45,000	44,975	44,676
	40,000	39,828	38,874
	60,000	61,422	53,674
	80,000	81,396	80,400
	110,000	121,492	118,320

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 95,000	\$ 94,216	\$ 100,023
	Amazon Inc., Notes, 4.80%, due December 5, 2034		
	95,000	96,469	83,793
	American International Group Notes, 3.875%, due January 15, 2035		
	30,000	31,331	30,845
	American International Group Notes, 3.375%, due August 15, 2020		
	120,000	128,813	114,371
	Anthem Inc., Notes, 4.65%, due August 15, 2044		
	110,000	109,336	110,294
	Apple Inc., Notes, 2.70%, due May 13, 2022		
	50,000	52,434	50,428
	Apple Inc., Notes, 4.45%, due May 6, 2044		
	75,000	79,759	78,088
	Ares Cap Corp. Notes, 4.875%, due November 30, 2018		
	180,000	179,568	175,683
	AT & T Inc., Notes, 3.00%, due June 30, 2022		
	40,000	39,884	36,994
	AT & T Inc., Notes, 4.50%, due May 15, 2035		
	200,000	204,992	200,710
	Australia & New Notes, 4.50%, due March 19, 2024		
	280,000	279,966	278,102
	BA Credit Card Trust Notes, 1.36%, due September 15, 2020		
	55,000	55,028	54,677
	BP Capital Markets PLC Notes, 1.375%, due November 6, 2017		
	115,000	115,000	111,852
	BP Capital Markets PLC Notes, 3.535%, due November 4, 2024		
	100,000	111,947	106,421
	Bank of America Corp. Notes, 6.00%, due September 1, 2017		
	110,000	114,964	113,614
	Bank of America Corp. Notes, 4.125%, due January 22, 2024		
	150,000	162,470	156,554
	Bank of America Corp. Notes, 5.00%, due January 21, 2044		
	135,000	136,800	135,329
	Bank of America Corp. Notes, 2.65%, due April 1, 2019		

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
<u>Par</u>			
\$ 170,000	Bank of America Corp. Notes, 4.00, due January 22, 2025	\$ 168,895	\$ 166,418
75,000	Baxter International Inc., Notes, 5.375%, due June 1, 2018	84,569	80,505
97,734	Bear Stearns Notes, 5.742%, due September 11, 2042	106,660	102,662
40,000	Berkshire Hathaway Energy Co., Notes, 3.5%, due February 1, 2025	41,797	39,665
45,000	Biogen Inc., Notes, 2.90%, due September 15, 2020	44,906	44,882
35,000	Biogen Inc., Notes, 3.625%, due September 15, 2022	34,972	35,388
40,000	Blackstone Holdings, Notes, 4.45%, due July 15, 2045	39,692	37,543
85,000	BNP Paribas Notes, 2.375%, due May 21, 2020	84,777	84,140
105,000	BNP Paribas Notes, 4.375%, due September 28, 2025	104,003	102,829
45,000	Bunge LTD Financial Corp. Notes, 8.50%, due June 15, 2019	56,032	52,082
225,000	Burlington Northern Inc., Notes, 8.75%, due February 25, 2022	320,328	287,110
140,000	Burlington Northern Inc., Notes, 4.55%, due September 1, 2044	141,030	135,150
100,000	Burlington Northern Inc., Notes, 3.65%, due September 1, 2025	99,782	101,325
55,000	CA Inc., Notes, 2.875%, due August 15, 2018	56,098	55,213
110,000	Canadian National RES LTD Notes, 3.90%, due February, 1, 2025	106,666	95,975
80,000	Candian Pac Ry LTD., Notes, 4.80%, due September 15, 2035	79,790	79,001
175,000	Capital Finaicail Corp., Notes, 4.20%, due October 29, 2025	174,986	172,786

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
<u>Par</u>			
\$ 85,000	Cardinal Health Inc., Notes, 1.70%, due March 15, 2018	\$ 85,021	\$ 84,769
175,000	Cardinal Health Inc., Notes, 4.50%, due November 15, 2044	180,752	168,911
255,000	Capital One Multi-Asset Notes, 1.48%, due July 15, 2020	256,859	255,047
535,000	Capital One Multi-Asset Notes, 1.38%, due November 16, 2021	534,990	530,299
110,000	CBS Corp. Notes, 1.95%, due July 1, 2017	111,876	110,035
80,000	CCO Safari II LLC Notes, 4.464%, due July 23, 2022	80,000	79,721
80,000	CCO Safari II LLC Notes, 6.384%, due October 23, 2035	80,000	80,826
80,000	Celgene Corp. Notes, 5.25%, due August 15, 2043	85,835	81,740
50,000	Centerpoint Energy Notes, 6.50%, due May 1, 2018	57,420	54,551
75,000	CF Inds Inc., Notes, 5.15%, due March 15, 2034	80,117	65,979
255,000	Chase Issuance Trust Notes, 1.38%, due November 15, 2019	256,076	254,271
195,000	Chase Issuance Trust Notes, 1.62%, due July 15, 2020	196,028	194,337
2,000,000	Citibank Credit Card Notes, 1.73%, due April 9, 2020	201,781	200,468
115,000	Cisco Systm Inc., Notes, 5.90%, due February 15, 2039	148,953	140,274
125,000	Citigroup Notes, 6.675%, due September 13, 2043	157,036	153,271
90,000	Citigroup Notes, 4.05%, due July 30, 2022	94,325	92,058

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 100,000	\$ 99,852	\$ 97,329
	Citigroup Notes, 3.875%, due March 26, 2025		
	180,000	179,741	178,808
	Citigroup Notes, 4.45%, due September 29, 2027		
	105,000	104,985	104,445
	Citigroup Notes, 2.05%, due December 7, 2018		
	95,000	95,384	94,753
	Citigroup Notes, 1.987%, due April 10, 2046		
	505,000	515,179	504,801
	CMO Commercial Mortgage Trust Notes, 2.122%, due March 10, 2046		
	550,000	566,488	560,683
	CMO Commercial Mortgage Trust Notes, 3.055%, due July 10, 2045		
	100,000	113,371	108,798
	Comcast Corp. Notes, 6.30%, due November 15, 2017		
	65,000	83,619	80,678
	Comcast Corp. Notes, 6.40%, due May 15, 2038		
	98,000	99,343	96,297
	Comcast Corp. Notes, 4.25%, due January 15, 2033		
	55,000	55,317	54,833
	Conagra Foods Inc., Notes, 2.10%, due March 15, 2018		
	165,000	164,575	178,590
	Conoco Phillips Notes, 5.75%, due February 1, 2019		
	140,000	146,689	121,372
	Conoco Phillips Co., Notes, 4.15%, due November 15, 2034		
	95,000	107,258	104,017
	CR Suisse AG Notes, 5.40%, due January 14, 2020		
	75,000	74,681	74,730
	CSX Corp., Notes, 4.75%, due <ay 30, 2042		
	65,000	63,765	54,978
	CSX Corp., Notes, 3.95%, due May 1, 2050		
	55,000	54,144	56,787
	CVS Health Corp. Notes, 4.875%, due July 20, 2035		
	67,000	67,174	66,912
	CVS Health Corp. Notes, 2.25%, due August 12, 2019		



**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 110,000		
	Deutsche Bank AG Notes, 2.50%, due February 13, 2019	\$ 111,730	\$ 110,820
	80,000 DIRECTV Holdings LLC Notes, 5.15%, due March 15, 2042	81,714	74,587
	530,000 Discover Card Notes, 1.45%, due March 15, 2021	529,930	525,120
	60,000 Dominion Gas Holdings Notes, 4.60%, due December 15, 2044	58,547	55,848
	70,000 Dominion Res Inc. Notes, 2.50%, due December 1, 2019	69,895	69,741
	80,000 Eastman Chemical Co. Notes, 2.40%, due June 1, 2017	81,748	80,437
	100,000 Eastman Chemical Co. Notes, 4.65%, due October 15, 2044	97,810	88,785
	45,000 Eastman Chemical Co. Notes, 3.80%, due March 15, 2025	44,778	43,580
	110,000 Ecolab Inc., Notes, 1.45%, due December 8, 2017	110,145	108,958
	120,000 Emerson Electric Co. Notes, 4.875%, due October 15, 2019	119,543	131,707
	70,000 Energy Transfer Notes, 6.50%, due February 1, 2042	81,817	56,931
	65,000 Energy Transfer Notes, 3.60%, due February 1, 2023	63,425	53,506
	75,000 ERP Operating LP Notes, 4.50%, due July 1, 2044	75,272	75,226
	100,000 EPR Properties Notes, 4.50%, due April 1, 2025	99,638	95,062
	110,000 ERAC USA Finance Co. Notes, 7.00%, due October 15, 2037	136,439	134,056
	55,000 ERAC USA Finance LLC Notes, 3.85%, due November 15, 2024	55,653	55,021
	20,000 ERAC USA Finance LLC Notes, 4.50%, due February 15, 2045	19,770	18,598

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
<u>Par</u>			
\$ 210,000	Exelon Generation Notes, 4.00%, due October 1, 2020	\$ 224,083	\$ 216,427
50,000	Exelon Generation Notes, 2.95%, due January 15, 2020	49,991	49,820
35,000	Exelon Generation Notes, 2.85%, due June 15, 2020	34,993	34,809
190,000	FED EX Corp., Notes, 4.75%, due November 15, 2045	188,250	188,245
65,000	Ford Motor Co. Del Notes, 7.45%, due July 16, 2031	85,336	80,211
200,000	Ford Motor Credit Co. Notes, 1.6847%, due September 8, 2017	199,958	197,579
200,000	Ford Motor Credit Co. Notes, 3.644%, due September 8, 2024	200,010	194,482
118,430	General Electric Co. Notes, 4.10%, due December 29, 2049	105,403	118,134
330,000	General Electric Capital Corp., Notes, 5.625%, due September 15, 2017	306,567	351,870
115,000	General Motor Financial Co., Notes, 3.20%, due July 13, 2020	114,968	113,229
155,000	General Motor Financial Co., Notes, 3.70%, due November 24, 2020	154,888	155,419
100,000	Georgia Pacific LLC. Notes, 3.163%, due November 15, 2021	99,999	99,848
50,000	Gilead Sciences Notes, 4.50%, due February 1, 2045	53,439	48,908
170,000	Gilead Sciences Notes, 4.40%, due December 1, 2021	169,609	183,620
45,000	Glencore Funding LLC., Notes, 2.125%, due April 16, 2018	44,969	39,989
155,000	Goldman Sachs Notes, 4.80%, due July 8, 2044	166,589	154,101
130,000	Goldman Sachs Notes, 6.75%, due October 1, 2037	157,798	151,962

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 120,000	\$ 137,827	\$ 136,467
	Goldman Sachs Notes, 5.75%, due January 24, 2022		
	80,000	81,889	82,110
	Goldman Sachs Notes, 4.00%, due March 3, 2024		
	105,000	124,467	118,698
	Goldman Sachs Notes, 6.45%, due May 1, 2036		
	55,000	56,516	56,075
	Goldman Sachs Notes, 2.90%, due July 19, 2018		
	135,000	137,383	135,965
	Goldman Sachs Notes, 2.625%, due January 31, 2019		
	85,000	84,854	84,967
	Goldman Sachs Notes, 2.55%, due October 23, 2019		
	40,000	39,968	41,881
	Grainger W W Inc., Notes, 4.60%, due June 15, 2045		
	65,000	64,975	61,697
	Gulfstream National Gas Notes, 4.60%, due September 15, 2025		
	100,000	98,531	96,923
	HCP Inc., Notes, 3.875%, due August 15, 2024		
	210,000	216,246	217,901
	HSBC Holdings PLC., Notes, 5.25%, due March 14, 2044		
	40,000	39,888	38,949
	Halliburton Co., Notes, 3.80%, due November 15, 2025		
	70,000	69,978	69,198
	Halliburton Co., Notes, 5.00%, due November 15, 2045		
	75,000	74,904	74,958
	Hewlett Packard Enterprise Co., Notes, 2.85%, due October 5, 2018		
	155,000	154,574	151,995
	Hewlett Packard Enterprise Co., Notes, 4.90%, due October 15, 2025		
	285,000	284,962	282,662
	Honda Auto Notes, 1.23%, due September 23, 2019		
	35,000	34,943	33,551
	Host Hotels & Resort Notes, 4.00%, due June 15, 2025		
	55,000	58,991	51,686
	Humana Inc., Notes, 4.625%, due December 1, 2042		

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 55,000	\$ 58,093	\$ 55,359
	Humana Inc., Notes, 3.85%, due October 1, 2024		
	230,000	229,998	228,230
	Hyundai Auto Notes, 1.12%, due November 15, 2019		
	130,000	129,921	129,878
	ING Bank Notes, 2.05%, due August 17, 2018		
	33,000	38,743	36,425
	Ingersoll Rand Notes, 6.875%, due August 15, 2018		
	80,000	83,711	83,398
	Intel Corp. Notes, 4.80%, due October 1, 2041		
	70,000	70,000	69,738
	JP Morgan Chase Notes, 5.30%, due December 26, 2049		
	60,000	59,774	61,831
	JP Morgan Chase Notes, 3.90%, due July 15, 2025		
	105,000	112,381	106,890
	JP Morgan Chase Notes, 7.90%, due April 29, 2049		
	55,000	52,580	51,975
	JP Morgan Chase Notes, 5.15%, due December 29, 2049		
	110,000	108,614	104,500
	JP Morgan Chase Notes, 5.00%, due December 29, 2049		
	380,000	395,540	387,840
	JP Morgan Chase Notes, 3.0456%, due April 15, 2047		
	600,000	617,998	599,793
	JP Morgan Chase Notes, 2.0719%, due December 15, 2047		
	225,000	235,479	229,447
	JP Morgan Chase Notes, 1.863%, due August 15, 2046		
	60,000	59,990	60,087
	KLA-Tencor Corp Notes, 4.125%, due November 1, 2021		
	40,000	39,906	38,973
	KLA-Tencor Corp Notes, 5.65%, due November 1, 2034		
	80,000	100,657	85,944
	Kerr McGee Corp. Notes, 6.95%, due July 1, 2024		
	75,000	84,100	76,897
	Kinder Morgan Notes, 5.95%, due February 15, 2018		

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 35,000		
	LAB Corp., Notes, 2.625%, due February 1, 2020	\$ 34,961	\$ 34,554
	55,000 LYB International Financial Notes, 4.875%, due March 15, 2044	56,997	50,226
	210,000 Lincoln National Corp., Notes, 8.75%, due July 1, 2019	275,232	252,213
	50,000 Lloyds Bank Notes, 5.30%, due December 1, 2045	49,933	50,739
	200,000 Lloyds Bank Notes, 2.30%, due November 27, 2018	201,762	200,794
	100,000 Lloyds Bank Notes, 6.50%, due September 14, 2020	116,801	114,028
	55,000 Lockheed Martin Notes, 3.80%, due March 1, 2045	54,406	48,750
	205,000 Lorillard TOB Co. Notes, 8.125%, due June 23, 2019	251,921	241,226
	100,000 Macy's Notes, 4.50%, due December 15, 2034	98,940	83,580
	40,000 Magna Interational Inc., Notes, 4.15%, due October 1, 2025	39,844	40,722
	55,000 Marathon Petroleum Corp. Notes, 3.625%, due September 15, 2024	55,221	51,251
	50,000 McDonalds Corp. Notes, 5.80%, due October 15, 2017	56,609	53,382
	70,000 McDonalds Corp. Notes, 4.70%, due December 9, 2035	69,775	69,741
	150,000 McKesson Corp. Notes, 4.883%, due March 15, 2044	167,375	149,925
	55,000 Medtronic Inc., Notes, 4.375%, due March 15, 2035	54,640	55,596
	140,000 Merrill Lynch & Co., Notes, 7.75%, due May 14, 2038	190,565	189,949
	90,000 Met Life Inc., Notes, 6.40%, due December 15, 2036	99,225	98,325

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 220,000		
	Met Life Inc., Notes, 7.717%, due February 15, 2019	\$ 275,323	\$ 255,598
	75,000 Met Life Inc., Notes, 4.875%, due November 13, 2043	81,338	78,683
	110,000 Mid-American Energy Notes, 6.125%, due April 1, 2036	112,662	128,276
	85,000 Morgan Stanley Notes, 2.375%, due July 23, 2019	85,301	84,715
	100,000 Morgan Stanley Notes, 4.30%, due January 27, 2045	98,092	95,411
	195,000 Morgan Stanley Notes, 1.972%, due August 15, 2045	197,691	195,251
	555,000 Morgan Stanley Notes, 1.97%, due May 15, 2046	560,507	554,443
	100,000 Morgan Stanley Notes, 2.849%, due June 15, 2047	103,355	101,631
	503,719 Morgan Stanley Notes, 5.45%, due January 11, 2043	559,766	535,998
	46,750 Morgan Stanley Notes, 5.809%, due December 12, 2049	50,837	48,835
	225,000 Morgan Stanley Notes, 1.863%, due February 15, 2046	227,391	224,438
	105,000 Morgan Stanley Dean Witter & Co. Notes, 5.00%, due November 24, 2025	11,769	111,463
	190,000 Morgan Stanley Dean Witter & Co. Notes, 2.50%, due January 24, 2019	192,008	191,037
	190,000 National Rural Utilities Notes, 8.00%, due March 1, 2032	284,126	261,642
	40,000 News York Life Global Notes, 1.55%, due November 2, 2018	39,943	39,674
	80,000 Nissan Motor Acceptance Notes, 2.35%, due March 4, 2019	80,820	79,703

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 60,000		
	Noble Energy Inc., Notes, 3.90%, due November 15, 2024	\$ 59,817	\$ 53,401
	200,000 Nordea Bank AG Notes, 5.50%, due September 29, 2049	200,480	199,250
	195,000 Oracle Corp., Notes, 3.25%, due May 15, 2030	193,781	183,130
	80,000 Parker Hannifin Fixed Notes, 4.20%, due November 21, 2034	79,914	81,186
	55,000 Pentair Financial Notes, 1.875%, due September 15, 2017	55,462	54,403
	95,000 Petro-CDA Notes, 6.05%, due May 15, 2018	108,972	101,833
	105,000 Phillips 66 Notes, 4.65%, due November 15, 2034	103,681	98,413
	55,000 Philip Morris International Notes, 3.375%, due August 11, 2025	54,465	55,658
	145,000 PNC Financial Services Notes, 4.85%, due May 29, 2049	138,451	135,956
	70,000 PPG Inds Inc., Notes, 2.30%, due November 15, 2019	69,714	69,276
	80,000 Potash Corp. Notes, 3.25%, due December 1, 2017	84,450	81,738
	90,000 Protective Life Notes, 8.45%, due October 15, 2039	132,521	118,706
	90,000 Prudential Financial Inc., Notes, 5.625%, due June 15, 2043	94,005	92,025
	80,000 Prudential Financial Inc., Notes, 4.60%, due May 15, 2044	81,430	79,604
	80,000 Prudential Financial Inc., Notes, 2.35%, due August 15, 2019	80,744	79,621
	95,000 Regency Energy Notes, 5.50%, due April 15, 2023	99,938	85,421
	65,967 Residential Funding Mortgage Securities Notes, 5.31%, due February 25, 2036	65,317	64,686

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 85,000	\$ 87,610	\$ 94,498
	Reynolds American Inc., Notes, 5.85%, due August 15, 2045		
	30,000	29,909	31,375
	Reynolds American Inc., Notes, 4.45%, due June 12, 2025		
	145,000	144,945	144,398
	Roper Technologies Notes, 3.00%, due December 15, 2020		
	70,000	68,397	58,289
	Seagate HDD Cayman Notes, 4.75%, due January 1, 2025		
	55,000	55,971	55,114
	Schwab, Charles Corp. Notes, 2.20%, due July 25, 2018		
	65,000	64,862	63,945
	Shell International Notes, 2.125%, due May 11, 2020		
	40,000	38,810	39,078
	Smucker J M Co., Notes, 4.25% due March 15, 2035		
	100,000	99,622	96,764
	Societe Generale Notes, 4.75%, due November 24, 2025		
	85,000	84,350	80,060
	Suncor Energy Inc., Notes, 3.60%, due December 1, 2024		
	35,000	35,620	30,271
	Sunoco Logistics Notes, 4.25% due April 1, 2024		
	200,000	203,466	198,933
	Suntory Holdings LTD., Notes, 2.55%, due September 29, 2019		
	500,000	499,906	496,433
	Synchrpny Credit Card Notes, 1.60%, due April 15, 2021		
	50,000	49,896	49,041
	Synchrony Financial Notes, 2.70%, due February 3, 2020		
	235,000	236,194	261,850
	TD Ameritrade Holdings Notes, 5.6%, due December 1, 2019		
	70,000	83,537	75,610
	Time Warner Inc., Notes, 6.10%, due July 15, 2040		
	50,000	57,155	53,884
	Tyco Electronics Notes, 6.55%, due October 1, 2017		
	50,000	52,821	51,030
	Tyson Foods Inc., Notes, 4.875%, due August 15, 2034		



**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
\$	<u>Par</u> 70,000		
	21st Century Fox Notes, 7.25%, due May 18, 2018	\$ 81,967	\$ 78,091
	140,000 21st Century Fox Notes, 6.90%, due August 15, 2039	186,803	165,561
	60,000 UBS Notes, 2.95%, due September 24, 2020	59,897	59,440
	435,000 UBS Notes, 1.852%, due August 10, 2049	438,212	435,038
	436,755 UBS Notes, 6.149%, due April 15, 2041	480,439	460,002
	55,000 Union Pacific Corp., Notes, 3.375%, due February 2035	54,833	49,674
	45,000 Ventas Realty LTD., Notes, 5.70%, due September 30, 2043	49,584	49,432
	90,000 Verizon Notes, 3.65%, due September 14, 2018	95,691	94,112
	170,000 Verizon Notes, 6.40%, due September 15, 2033	201,652	193,677
	35,000 Verizon Notes, 6.55%, due September 15, 2043	44,055	41,552
	220,000 Verizon Notes, 3.50%, due November 1, 2021	224,660	224,620
	190,000 Verizon Notes, 5.012%, due August 21, 2054	200,506	173,962
	115,000 Verizon Notes, 3.50%, due November 1, 2024	113,428	113,586
	4,118,076 Wakpamni Lake Community Corp. Notes, 5.62%, due September 1, 2024	4,118,076	4,210,280
	230,000 Wal Mart Stores Inc., Notes, 5.80%, due February 15, 2018	229,593	251,308
	90,000 Wal Mart Stores Inc., Notes, 3.30%, due April 22, 2024	91,149	92,873
	90,000 Walgreens Boots Notes, 4.50%, due November 18, 2034	89,159	82,188

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

<b>Corporate Bonds:</b>		<u>Cost</u>	<u>Fair Value</u>
<u>Par</u>			
\$ 55,000	Walgreens Boots Notes, 3.80%, due November 18, 2024	\$ 53,970	\$ 53,359
100,000	Walgreens Boots Notes, 3.30%, due November 18, 2021	99,720	98,073
55,000	Wellpoint Inc., Notes, 1.875%, due January 15, 2018	55,579	54,761
55,000	Wellpoint Inc., Notes, 2.25%, due August 15, 2019	55,413	54,653
135,000	Wells Fargo & Co. Notes, 5.875%, due December 29, 2049	135,000	142,088
75,000	Wells Fargo & Co. Notes, 2.15%, due January 30, 2020	74,898	74,343
120,000	Wells Fargo & Co. Notes, 3.90%, due May 1, 2045	119,232	110,652
235,000	Wells Fargo & Co. Notes, 5.375%, due February 7, 2035	219,694	269,103
75,000	Wells Fargo & Co. Notes, 7.98%, due February 28, 2049	82,800	77,906
65,000	Wells Fargo & Co. Notes, 4.30%, due July 22, 2027	64,848	66,400
55,000	Wells Fargo & Co. Notes, 2.60%, due July 22, 2020	54,969	54,859
600,000	Wells Fargo & Co. Notes, 2.00%. Due March 15, 2046	617,999	611,390
85,000	World Financial Network Notes, 1.76%, due May 17, 2021	85,721	85,072
50,000	World Omni Auto Notes, 1.49%, due December 15, 2020	49,991	49,545
200,000	XL Group Notes, 6.50%, due December 31, 2049	186,000	145,250
65,000	Zimmer Biomet Notes, 3.55%, due April 1, 2025	64,847	63,171

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

		<u>Cost</u>	<u>Fair Value</u>
<b>Corporate Bonds:</b>			
<u>Par</u>			
\$ 55,000	Zimmer Biomet Notes, 1.45%, due April 1, 2017	\$ 54,967	\$ 54,732
<b>TOTAL CORPORATE BONDS</b>		<b>35,204,812</b>	<b>34,676,500</b>
<b>Common Stock :</b>			
<u>Shares</u>			
13,560	Adobe System Inc.	1,168,493	1,273,826
1,870	Alphabet Inc.	1,157,980	1,419,106
1,560	Amazon Inc.	701,334	1,054,388
8,750	Apple Inc.	840,294	921,025
18,900	Bristol Myers Squibb Co.	1,209,955	1,300,131
18,300	CBRE Group Inc.	519,911	632,814
6,760	C H Robinson Worldwide Inc.	460,817	419,255
12,200	CME Group Inc.	1,064,766	1,105,320
14,570	CVS Health Corp.	1,410,264	1,424,509
7,380	Cavium Inc.	503,391	484,940
25,900	Coach Inc.	922,418	847,707
15,720	Conoco Phillips	992,963	733,967
12,840	EOG Resources Inc.	1,108,739	908,944
14,300	Edwards Lifescience Corp.	1,019,762	1,129,414
17,900	Facebook Inc.,	1,378,251	1,873,414
7,700	FedEx Corp.,	1,215,134	1,147,223
44,400	General Electric Co.	1,308,796	1,383,060
8,940	Gilead Sciences Inc.	866,289	904,639
25,100	Hanesbrands Inc.	707,823	738,693
8700	Hologic Inc.	337,585	336,603
9,640	Home Depot Inc.	823,648	1,274,890
10,980	J. B. Hunt Transport Services Inc	924,770	805,493
21,500	Microsoft Corp.	1,158,172	1,192,820
9,340	Middleby Corp.	616,622	1,007,506
19,700	Mobileye NV Euro.	923,378	832,916
3,740	Monster Beverage Corp.	543,905	557,110
16,500	Morgan Stanley Common Stock	586,398	524,865
2,750	Netflix Inc.	264,126	314,545
23,460	Nike Inc.	1,070,105	1,466,250
2,380	NXP Semiconductors N V	169,467	200,515
11,000	Oracle Corp.	479,820	401,830
8,000	Paccar Inc.	463,634	379,200
7,070	Palo Alto Networks Inc.	582,821	1,245,310
19,660	Red Hat Inc.	1,226,599	1,628,043
9,800	St. Jude Med Inc.	663,664	605,346
15,900	Salesforce Company Inc.	1,083,956	1,246,560
45,400	Schwab Charles Inc.	1,255,072	1,495,022
6,770	Splunk Inc.	449,971	398,144
16,700	Starbucks Corp.	688,809	1,002,501
6,500	Ulta Salon Cosmetics & Fragrance Inc.	1,072,129	1,202,500
9,640	UnitedHealth Group Inc.	1,080,063	1,134,050
19,200	Visa Inc.	1,226,001	1,488,960
11,380	Walt Disney Co.	1,115,189	1,195,810
<b>TOTAL COMMON STOCK</b>		<b>37,363,284</b>	<b>41,639,164</b>

**WASHINGTON SUBURBAN SANITARY COMMISSION  
EMPLOYEES' RETIREMENT PLAN  
SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2015**

	Cost	Fair Value
<b>Investment Contracts with Insurance Company:</b>		
<u>Par</u>		
\$ 31,952,512 Investment Contract with Prudential Financial	\$ 31,952,512	\$ 32,780,178
<b>TOTAL INVESTMENT CONTRACTS</b>	<b>31,952,512</b>	<b>32,780,178</b>
<b>Other Holdings:</b>		
<u>Units</u>		
402,000 Lehman Brothers	-	29,648
400 Peachtree Cable Association Ltd., Limited Partnership Units	4,000	20,000
	<b>4,000</b>	<b>49,648</b>
Cash collateral received under securities lending agreements	28,852,182	28,852,182
<b>TOTAL OTHER HOLDINGS</b>	<b>28,860,182</b>	<b>28,901,830</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 627,936,269</b>	<b>\$ 736,716,880</b>