

**Solid Waste Agency
of Northern Cook County
Wheeling, Illinois**

Annual Financial Report

Fiscal Year Ended April 30, 2015

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FINANCIAL SECTION

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Members of the Board of Directors
Solid Waste Agency of Northern Cook County
Wheeling, Illinois

Report on the Financial Statements

We have audited the statements of net position, statements of activities and cash flows of the Solid Waste Agency of Northern Cook County (the "Agency"), as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Agency's 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 from material misstatement.

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

(Continued)

The Members of the Board of Directors
Solid Waste Agency of Northern Cook County
Wheeling, Illinois

(Continued)

Auditor's Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Solid Waste Agency of Northern Cook County, as of April 30, 2015, and the respective changes in financial position and cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The management's discussion and analysis on pages 5 through 9 is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is considered 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 this 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.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
August 18, 2015

Management Discussion and Analysis

Introduction

This discussion and analysis of the Solid Waste Agency of Northern Cook County (the "Agency") is designed to provide the reader an objective and easily readable analysis of the Agency's financial activities for the past fiscal year (2015) which concluded on April 30, 2015 in comparison with the April 30, 2014 fiscal year. Also highlighted are significant financial transactions and issues, comparisons to prior year activities, any relevant trend information, and changes in the Agency's financial position.

This discussion and analysis is an integral part of the Agency's financial statements and should be read in conjunction with the financial statements, which begin on page 10.

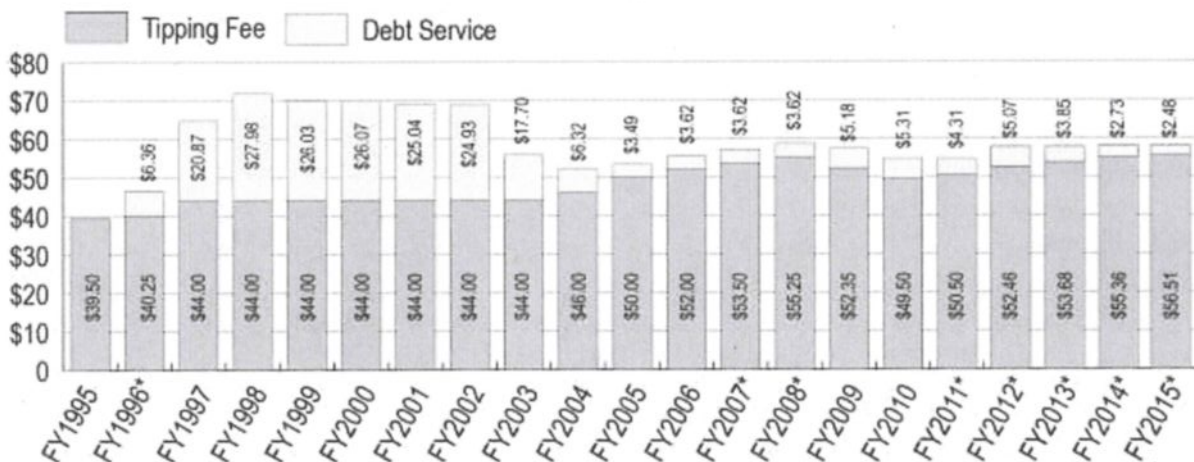
Background

The Solid Waste Agency of Northern Cook County was formed in 1988 to provide comprehensive solid waste management programs to its twenty-three member communities. Since 1994, the Agency has owned a solid waste transfer station in the Village of Glenview to provide solid waste transfer and disposal services to its members. In addition to operating the transfer station, the Agency provides various education, recycling and waste reduction programs for the residents of its member communities.

The Agency has no taxing authority and derives the majority of its revenue from member payments for processing waste at the Glenview Transfer Station (GTS). The Agency establishes two charges each fiscal year, one for operation and maintenance costs (tipping fees) and another for fixed costs (debt service). The historical rates for these charges are shown in Chart 1.

Projections of Operations and Maintenance and Fixed Costs are prepared in the annual budget and allocated to each member based on their waste commitment allocation. Each member receives a monthly bill for their allocation of Agency costs. After the end of the fiscal year, actual Agency costs are calculated and actual member deliveries are determined. A true-up is used to either rebate billings to communities that under-deliver or invoice additional charges for over-deliveries of waste.

Chart 1 – Tipping Fees (Per Ton)



* Debt Service subsidized by SWANCC

Management Discussion and Analysis

Fund Structure

The Agency's only fund is an enterprise fund. As such, transactions are recorded utilizing the accrual basis of accounting.

Overview of Financial Statements

The Agency's summary of net position for FY2015 and FY2014 is included in Table 1. The Agency's net position increased slightly from FY2014 to FY2015.

TABLE 1 – Summary of Net Position

	<u>FY2015</u>	<u>FY2014</u>
Assets:		
Current Assets	\$ 3,745,840	\$ 4,975,698
Capital Assets	<u>9,694,317</u>	<u>9,802,029</u>
Total Assets	<u>13,440,157</u>	<u>14,777,727</u>
Deferred Outflow of Resources:		
Deferred amount on refunding	<u>-</u>	<u>7,850</u>
Liabilities:		
Current Liabilities	3,684,511	4,001,473
Long-Term Liabilities	<u>-</u>	<u>1,214,781</u>
Total Liabilities	<u>3,684,511</u>	<u>5,216,254</u>
Deferred Inflows of Resources		
Deferred rent	171,429	-
Net Position:		
Net investment in capital assets	8,494,317	7,387,248
Restricted, revenue bonds	2,592,283	2,870,145
Unrestricted	<u>(1,502,383)</u>	<u>(688,070)</u>
Total Net Position	<u>\$ 9,584,217</u>	<u>\$ 9,569,323</u>

Management Discussion and Analysis

Table 2 below provides the Statement of Activities.

TABLE 2 - Statement of Activities

	FY2015	FY2014	Difference	% Change
Glenview Transfer Station (GTS) Operations				
Revenues - Charges to Members	\$ 14,029,244	\$ 13,859,857	\$ 169,387	1.22%
Expenses - GTS Operations	(12,449,765)	(12,221,853)	(227,912)	1.86%
Revenues - Recycling Incentive Program	271,206	242,177	29,029	11.99%
Expenses - Recycling Incentive Program	(243,554)	(196,545)	(47,009)	23.92%
Total Profit from GTS Operations	1,607,131	1,683,636	(76,505)	-4.54%
General and Administrative Expenses	(1,018,852)	(1,091,637)	72,785	-6.67%
Depreciation	(519,712)	(475,570)	(44,142)	9.28%
Operating Income	68,567	116,429	(47,862)	-41.11%
Non-operating Revenues (Expenses)				
Interest Income	1,518	6,696	(5,178)	-77.33%
Interest Expense	(45,219)	(90,439)	45,220	-50.00%
Amortization	(2,122)	(15,700)	13,578	-86.48%
Miscellaneous Income	(7,850)	271,901	(279,751)	-102.89%
Total Non-operating Revenues (Expenses), Net	(53,673)	172,458	(226,131)	-131.12%
Change in Net Position	14,894	288,887	(273,993)	-94.84%
Net Position Beginning of Year	9,569,323	9,280,436	288,887	3.11%
Net Position End of Year	\$ 9,584,217	\$ 9,569,323	\$ 14,894	0.16%
Total Revenues	\$ 14,294,118	\$ 14,380,631	\$ (86,513)	-0.60%
Total Operating Expenses	(14,279,224)	(14,091,744)	(187,480)	1.33%
Net Income	\$ 14,894	\$ 288,887	\$ (273,993)	-94.84%

In FY2015, the Agency's net operating income decreased as a result of more accurate projections for Member revenue and higher cost of disposal, both operational and a 2015 toll road increase, charged by Groot Industries. Net operating income was \$68,587 which decreased (-41.1%) from FY2014. The bulk of the Agency's expenses are paid to Groot Industries for their operation and maintenance of the GTS and are based on actual deliveries by Members. In FY2015, the Agency saw increases in total waste deliveries to the GTS by members (+1.06%) resulting in the total operational costs increasing by \$227,912 (+1.8%). Waste deliveries from commercial customers increased at a greater pace (+13.15%).

Management Discussion and Analysis

Recycling Incentive Program

SWANCC continued its Recycling Incentive Program (RIP) in FY2015. Deliveries from Members that were in the program decreased 0.87%. The Agency believes that the current economic conditions and the increase in consumer awareness for recycling have assisted in reducing the overall waste deliveries by Members.

The RIP, which was a component of the extended Groot contract approved by the Board of Directors in May 2008, provides for Groot to remit to the Agency a market-based payment for all Agency members' recyclable material that is either collected by Groot or delivered to Groot by another waste hauler.

The RIP payment is based on the high point per ton price of the No. 8 Newspaper for each month as printed in the Official Board Market Yellow Sheet publication minus \$76.79 (processing and marketing costs). If the Agency delivers less than 65,000 tons of recyclable material, the payment is 50% of the net amount from the above formula, if the tonnage is above 65,000 then the Agency receives the first \$17.50 and the balance is divided 50/50. Regardless of the price of No. 8 Newspaper, the guaranteed minimum payment under the program guidelines is \$5 per ton. The Agency members delivered 48,710.78 tons of recyclables in FY2015.

Commodity markets in FY2015 experienced supply and demand pressures that impacted the overall price of No. 8 Newspaper. Prices were stagnant with the price being \$55 per ton for the first three quarters and falling to \$50 per ton for the fourth quarter. This resulted in the Agency receiving the minimum guaranteed payment of \$5 per ton. Upward pressure in the value of recycling commodities will be impacted by the overall world economic recovery and difficult to project going forward.

In FY2015, \$243,554 in payments for the members that delivered under the RIP was approved by the Board of Directors. The payments represented 100% of the revenue received by the Agency for the RIP deliveries.

Glenview Transfer Station Operations

The Agency's Glenview Transfer Station processes and provides for disposal waste delivered by the members and customers of the Agency. The amount of waste delivered to the Agency from all sources totaled 268,183 tons, an increase of 2.47% from FY2014. Due to adequate growing conditions and increased economic activity, the Agency experienced an increase in commercial waste deliveries (landscaping waste and contractor waste). At the same time, continued economic uncertainty, especially in consumer spending and home foreclosures, is seen as the primary force that resulted in limited growth of Member waste deliveries at the GTS.

The Glenview Transfer Station has been operated by Groot Industries since 1994. In May 2008, the Board of Directors authorized an extension to the Groot contract until 2015 in return for reduced disposal and operation costs. During the 2015 fiscal year the Board of Directors extended the GTS contract with Groot for an additional 6 months in order to complete the Request For Proposal (RFP) process for the GTS operations contract going forward. Subsequent to year-end the Board of Directors authorized the contract with Groot starting September 1, 2015 through December 31, 2031. Disposal costs will decrease approximately 18% with an initial disposal price of \$43.75 per ton under the new contract.

Management Discussion and Analysis

Under the GTS operating contract, Groot is compensated on a per ton basis for the operation of the transfer station and for the disposal of waste. Groot was paid \$51.72 per ton in FY2015. During FY2015, Groot received payment based on an estimated range of 840 to 950 tons per day of member waste deliveries in an effort to better match the flow of waste by our members. Groot exercised a change in law provision of their contract with the Agency and on January 1, 2015 they received a \$0.43 per ton increase due to a statewide toll increase. At the end of the Fiscal Year, a true-up with Groot occurs to reconcile the actual deliveries with the estimated billing. In FY 2015 this true-up resulted in Groot owing the Agency \$116,281.

The non-member tonnage delivered to the GTS increased from 30,448 tons in FY2014 to 34,452 tons in FY2015 (+13.2%). The increase in tonnage was mainly due to the normalization of the weather pattern experienced in spring through fall for 2015 and enhanced usage by small independent waste haulers due to the Agency's pricing structure at the transfer station. Revenue from the non-member waste and small commercial haulers increased by \$62,549 to \$490,200 in FY2015 (+14.6%). These customers are willing to pay higher per unit prices in exchange for no per load volume minimums.

Overall, the GTS operated efficiently and effectively in FY2015 with no downtime in waste processing from operational or regulatory issues.

Capital Assets

Net capital assets decreased by \$107,712 during FY2015 as a result of depreciation expense and the capitalization of the leasehold improvements at 77 W. Hintz Road. See Note C for additional information.

Debt Activity

Long-term debt for the fiscal reporting period indicated \$1,206,931 in payments was made on May 1, 2014, with an outstanding balance of \$1,200,000 as of April 30, 2015. The final debt payment was made subsequent to year end. See Note D for additional information.

Contacting the Agency

This financial report is designed to provide the users of these financial statements an overview of the Agency's operations and finances and to demonstrate accountability for the funds it receives. Questions concerning these financial statements may be directed to David Van Vooren, 77 West Hintz Road, Suite 200, Wheeling, Illinois 60090.

BASIC FINANCIAL STATEMENTS

Solid Waste Agency of Northern Cook County

Statement of Net Position

April 30, 2015

ASSETS

Current assets

Deposits and investments

Unrestricted

\$ 955,392

Restricted

2,592,283

Accounts receivable

Due from contractor

20,278

Billings in advance

177,887

Total current assets

3,745,840

Capital assets, net of depreciation

9,694,317

Total assets

13,440,157

The accompanying notes are an integral part of this statement.

Solid Waste Agency of Northern Cook County

Statement of Net Position (Continued)

April 30, 2015

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	\$ 1,033,327
Due to members - true up	316,038
Unearned revenue	1,135,146
Current portion of long-term debt	<u>1,200,000</u>

Total current liabilities	3,684,511
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DEFERRED INFLOW OF RESOURCES

Deferred rent	171,429
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NET POSITION

Net investment in capital assets	8,494,317
Restricted, revenue bonds	2,592,283
Unrestricted deficit	<u>(1,502,383)</u>
Total net position	<u>\$ 9,584,217</u>

The accompanying notes are an integral part of this statement.

Solid Waste Agency of Northern Cook County

Statement of Activities
For The Year Ended April 30, 2015

Transfer Station Operations	
Revenues - charges to member communities	\$ 14,029,244
Expenses - transfer station operations	(12,449,765)
Revenues - recycling incentive program	271,206
Expenses - recycling incentive program	<u>(243,554)</u>
Total profit from transfer station operations	<u>1,607,131</u>
General and administrative expenses	(1,018,852)
Depreciation	<u>(519,712)</u>
Operating income	<u>68,567</u>
Nonoperating revenue (expenses):	
Interest income	1,518
Interest expense	(45,219)
Miscellaneous expense	(2,122)
Amortization of deferred amount on refunding	<u>(7,850)</u>
Total nonoperating expenses, net	<u>(53,673)</u>
Change in net position	<u>14,894</u>
Net position, beginning of year	<u>9,569,323</u>
Net position, end of year	<u><u>\$ 9,584,217</u></u>

The accompanying notes are an integral part of this statement.

Solid Waste Agency of Northern Cook County

Statement of Cash Flows For the Year Ended April 30, 2015

Cash flows from operating activities	
Cash received from members and users	\$ 14,223,999
Cash payments to employees	(421,371)
Payments to suppliers and members	<u>(13,570,253)</u>
Net cash provided by operating activities	<u>232,375</u>
Cash flows from noncapital financing activities	
Miscellaneous expense	(2,122)
Restricted cash	<u>277,862</u>
Net cash provided by (used in) noncapital financing activities	<u>275,740</u>
Cash flows from capital and related financing activities	
Principal paid on contract revenue bonds	(1,200,000)
Interest paid and related charges on contract revenue bonds	<u>(82,150)</u>
Net cash used in capital and related financing activities	<u>(1,282,150)</u>
Cash flows from investing activities	
Amortization of deferred amount of refunding	(7,850)
Investment income	1,518
Cash paid for capital asset purchase	<u>(220,000)</u>
Net cash used in investing activities	<u>(226,332)</u>
Net decrease in cash	(1,000,367)
Unrestricted deposits and investments, beginning of year	<u>1,955,759</u>
Unrestricted deposits and investments, end of year	<u>\$ 955,392</u>

The accompanying notes are an integral part of this statement.

Solid Waste Agency of Northern Cook County

Statement of Cash Flows (Continued)

For the Year Ended April 30, 2015

Reconciliation of operating income to net cash
provided by operating activities

Operating income	\$ <u>68,567</u>
Adjustments	
Depreciation	519,712
(Increase) decrease in assets	
Accounts receivable	
Billings in advance	(58,654)
Other	5,872
Prepays	4,411
Decrease in liabilities	
Accounts payable and accrued expenses	(48,856)
Due to financing members - true up	(214,437)
Unearned revenue	(23,669)
Deferred rent	<u>(20,571)</u>
Total adjustments	<u>163,808</u>
Net cash provided by operating activities	\$ <u><u>232,375</u></u>

Supplemental disclosure of noncash operating activities

Increase in accrued interest	\$ <u><u>30,000</u></u>
Deferred rent - landlord financed leasehold improvements	\$ <u><u>171,249</u></u>

The accompanying notes are an integral part of this statement.

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Solid Waste Agency of Northern Cook County (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Agency's accounting policies are described below.

1. Reporting Entity

The Agency is a municipal joint action agency created, on May 2, 1988, under the provisions of the Intergovernment Cooperation Act, 5 ILCS 220/3.2 (the Act). The Agency is empowered to plan, finance, construct, and operate a solid waste disposal system to dispose of the waste received from its members.

The Glenview Transfer Station, located in the Village of Glenview, Illinois, commenced operations February 1, 1994. Pursuant to the Project Use Agreements, charges to the members' communities using the Glenview Transfer Station at April 30, 2015 resulted in charges of approximately \$58 per ton.

The Agency consists of the following member municipalities:

Arlington Heights	Mount Prospect
Barrington	Niles
Buffalo Grove	Palatine
Elk Grove Village	Park Ridge
Evanston	Prospect Heights
Glencoe	Rolling Meadows
Glenview	Skokie
Hoffman Estates	South Barrington
Inverness	Wheeling
Kenilworth	Wilmette
Lincolnwood	Winnetka
Morton Grove	

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Reporting Entity (Continued)

The Agency is governed by a board of directors consisting of one official selected by each member community who serves a two-year term. Each director has one vote. The board of directors determines the general policies of the Agency; makes all appropriations; approves contracts for solid waste disposal; adopts resolutions providing for the issuance of bonds or notes by the Agency; adopts by-laws, rules, and regulations; and exercises such powers and performs such duties as may be prescribed in the Agency agreement or the bylaws of the Agency.

The Executive Committee of the Agency consists of seven persons elected by the board of directors. Each person is entitled to one vote on the Executive Committee. The Executive Committee may take any action not specifically reserved to the board of directors by the Act, the Agency agreement, or the bylaws.

In evaluating how to define the Agency for financial reporting purposes, management has considered all potential component units. Criteria for including a component unit in the Agency's reporting entity principally consist of the potential component unit's financial interdependency and accountability to the Agency. Based upon those criteria, there are no potential component units to be included in the reporting entity. The Agency itself is not a component unit of another governmental entity, but rather is considered to be a jointly governed organization.

2. Fund Accounting

The financial records of the Agency are maintained within a single enterprise fund utilizing the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. Operating revenue is earned proportionately as operating expenses are incurred or as additional charges are made to the member municipalities. Member municipalities are charged fees for services in accordance with the intergovernmental agreement. Other revenue is recognized as earned.

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the Agency is that the costs (expenses, including depreciation) of providing goods or services to the member municipalities on a continuing basis be financed or recovered primarily through user charges; or (b) where the Agency has decided that periodic determination of revenues earned, expenses incurred and net income or loss is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

3. Capital Assets

It is the Agency's policy, in general, to capitalize assets with a useful life of one year or more and an initial individual or group cost in excess of \$25,000. Capital assets are recorded at cost. If actual cost cannot be determined, estimated historical cost is used; donated capital assets are valued at their estimated fair market value on the date donated.

Depreciation of property and plant has been provided for over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Building and Improvements	38

Leasehold improvements are amortized over the shorter of the remaining lease term or the economic life of the leasehold improvement.

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Deposits and Investments

Deposits and investments consist of cash on hand, deposits in noninterest-bearing checking accounts, money market accounts, certificates of deposits with original maturities of three months or less from the date of acquisition, U.S. Government Agency Securities, U.S. Treasury Notes, and certificates of deposit with maturities greater than three months at the time of purchase. All investments are stated at fair value. Changes in fair value are recorded in interest income.

5. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6. Unearned Revenue

Members are billed at the beginning of the month for the following month's service. These billings in advance of services are included in accounts receivable and unearned revenue and are recognized as revenue at the beginning of following month. The unearned revenue amounted to \$1,135,146, at April 30, 2015.

NOTE B - DEPOSITS AND INVESTMENTS

The Agency's investment policy, in line with state statutes, authorizes the Agency to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, certain repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, and the Illinois Metropolitan Investment Funds.

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Deposits and investments totaled \$3,547,675. Of that amount, \$2,592,283 is restricted by the provisions of the revenue bond resolution (Note D). For disclosure purposes, deposits and investments is segregated into two components: 1) deposits with financial institutions, which include amounts held in demand accounts and savings accounts; and 2) investments, which consist of investments in U.S. Treasury Money Market and Illinois Metropolitan Investment Fund.

	<u>Total</u>
Deposits with financial institutions	\$ 662,725
Investments	<u>2,884,950</u>
	<u>\$ 3,547,675</u>

At April 30, 2015, the Agency's investments were as follows:

	<u>Fair Value</u>	<u>Less Than One Year</u>
U.S. Treasury Money Market	\$ 2,112,585	\$ 2,112,585
Illinois Metropolitan Investment Fund	<u>772,365</u>	<u>772,365</u>
	<u>\$ 2,884,950</u>	<u>\$ 2,884,950</u>

1. Interest Rate Risk

The Agency attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Agency will not directly invest in securities maturing more than one year from the date of purchase. Reserve funds may be invested in securities exceeding one or two years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds. The investment period must be approved by the Agency's board.

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

2. Credit Risk

The Illinois Metropolitan Investment Fund (IMET) 1-3 Year Series and Convenience Fund are depository vehicles that are 100 percent collateralized with obligations of the United States Treasury and its agencies and are rated AAA by Standard & Poor's. All collateral securities are held in the name of the Illinois Metropolitan Investment Fund.

3. Custodial Credit Risk

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Agency's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At April 30, 2015, the bank balances of the Agency's deposits with financial institutions totaled \$692,090 all of which was fully insured or collateralized.

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's investment policy limits the exposure to investment custodial credit risk by requiring that all investments not guaranteed by the U.S. or one of its agencies be secured by private insurance or collateral. As of April 30, 2015, the Agency had no unsecured investments.

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE C - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015 was as follows:

	Balance May 1, 2014	Increases	Decreases	Balance April 30, 2015
Capital assets, not being depreciated				
Land	\$ 1,381,800	\$ -	\$ -	\$ 1,381,800
Capital assets, being depreciated				
Building and improvements	17,312,202	-	-	17,312,202
Leasehold improvements	-	412,000	-	412,000
Total capital assets, being depreciated	17,312,202	412,000	-	17,724,202
Less accumulated depreciation for:				
Building and improvements	8,891,973	475,570	-	9,367,543
Leasehold improvements	-	44,142	-	44,142
Total accumulated depreciation	8,891,973	519,712	-	9,411,685
Total capital assets, being depreciated, net	8,420,229	(107,712)	-	8,312,517
Total capital assets	\$ 9,802,029	\$ (107,712)	\$ -	\$ 9,694,317

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE D - LONG-TERM LIABILITIES

The following is the long-term liability activity for the Agency for the year ended April 30, 2015:

	Balance May 1, 2014	Additions	Deletions	Balance April 30, 2015
\$8,090,000 Contract Bonds, Series 2008, bearing Interest at 5%, maturing through May, 2015.	\$ 2,400,000	\$ -	\$ 1,200,000	\$ 1,200,000
Unamortized premium	14,781	-	14,781	-
Deferred amount on refunding	(7,850)	-	(7,850)	-
Deferred rent	-	192,000	20,571	171,429
Total	\$ 2,406,931	\$ 192,000	\$ 1,227,502	\$ 1,371,429

At April 30, 2015, the Agency's future cash flow requirements for retirement of bond principal were as follows:

Year Ending April 30	Principal	Interest	Total
2016	\$ 1,200,000	\$ 30,000	\$ 1,230,000

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE D - LONG-TERM LIABILITIES (Continued)

In May 2008, the Agency issued Contract Revenue Bonds, Series 2008A, to refund the Contract Revenue Bonds Series 2002. The refunding was undertaken to move from variable rate to fixed rate debt to eliminate the Agency's exposure to interest rate risk.

The resolution authorizing the issuance of the 2008A Bonds provides for the establishment of the following accounts:

Revenue Account - All receipts from member communities are to be deposited into this account as soon as practicable after receipt. At April 30, 2015 this account contained \$882,585, which is presented in restricted deposits and investments on the Statement of Net Position.

Operation and Maintenance Account - Amounts are deposited in this account as necessary to accumulate one-sixth of the annual operating and maintenance expenses included in the project budget. At April 30, 2015, this account contained \$479,698, which is presented in restricted deposits and investments on the Statement of Net Position.

Debt Service Fund Account - Amounts deposited in this account are used to pay principal and interest on the Bonds. At April 30, 2015, this account contained \$1,230,000 to pay for debt service.

Subordinated Indebtedness Account - Amounts are deposited in this account as required to pay principal and interest on subordinated debt, if any. At April 30, 2015 there were no amounts in this account.

Rebate Account - Amounts are deposited in this account to the extent determined necessary by the Agency. At April 30, 2015 there were no amounts in this account.

Residual Account - Amounts deposited are to be used to fund certain deficiencies in the Operation and Maintenance Account, Debt Service Account, or Subordinated Indebtedness Account. Any excess funds in this account may be transferred to any other account or, upon certain conditions, to the Agency. At April 30, 2015, there was no balance.

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE E - OPERATING LEASES

The Agency leased office space in Glenview under an operating lease which expired in July 2014. Under the terms of the lease, the Agency was responsible for their share of the real estate taxes and operating expenses on the property.

In March 2014, the Agency entered into an agreement to lease new office space in Wheeling. The term of the lease began in August 2014 and goes through July 2021. Monthly base rental payments range from \$5,077 to \$6,062 over the term of the lease. Under the terms of the lease, the Agency is responsible for their share of the real estate taxes and operating expenses on the property.

During the year ended April 30, 2015, new leasehold improvements of \$192,000 were financed by the Agency's landlord. Costs of \$192,000 are included in leasehold improvements and deferred rent, net of accumulated amortization of \$20,571 on the statement of net position at April 30, 2015.

Total rent expense for the year ended April 30, 2015 totaled \$74,154.

Minimum future base rental payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
2016	\$ 62,295
2017	64,164
2018	66,089
2019	68,072
2020	70,114
Thereafter	<u>90,405</u>
	<u>\$ 421,139</u>

Solid Waste Agency of Northern Cook County

NOTES TO THE FINANCIAL STATEMENTS

April 30, 2015

NOTE F - COMMITMENTS

The Agency and Groot Recycling and Waste Services, Inc. ("Groot") had a contract by which Groot had operated the Glenview Transfer Station until April 2015 and provided for processing, hauling, and disposal of waste delivered to the Glenview Transfer Station. Subsequent to year-end the Board authorized a new operating contract with Groot with a term of September 1, 2015 - December 31, 2031. Payments to Groot for the year ended April 30, 2015 totaled \$12,112,500. Management anticipates that future payments will decrease approximately 18%.

NOTE G - RETIREMENT PLANS

The Agency sponsors a salary reduction plan for the benefit of certain eligible employees. The plan allows for participant contributions pursuant to the provisions of Internal Revenue Code Section 457(b). The plan provides for Agency to make contributions of six percent of the participant's eligible compensation and matching contributions for the first six percent of the of participant's elected contribution. The Agency's contributions totaled \$48,813 for the year ended April 30, 2015.

NOTE H - RISK MANAGEMENT

The Agency is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Agency carries commercial property and liability insurance. There has been no decrease in coverage during the year. Settled claims resulting from these risks have not exceeded insurance coverage in the last three years.

NOTE I - CONTINGENCIES

The Agency is not aware of any significant litigation that it believes would have a material effect on the balances reported at April 30, 2015. No provision has been made in the accompanying financial statements.

NOTE J - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 18, 2015, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date, other than the event described in Note F above, that require disclosure in the financial statements.

