SOLID WASTE AGENCY OF NORTHERN COOK COUNTY WHEELING, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Years Ended
April 30, 2017

Prepared by:

David Van Vooren
Executive Director

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY
WHEELING, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the Solid Waste Agency of Northern Cook County, Wheeling, Illinois (the Agency), as of and for the year ended April 30, 2017, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Agency'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 Agency'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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Solid Waste Agency of Northern Cook County, Wheeling, Illinois as of April 30, 2017, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Sikich LLP

Naperville, Illinois
July 12, 2017

GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS

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 (2017) which concluded on April 30, 2017 in comparison with the April 30, 2016 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 3.

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. The Agency in prior years established two charges each fiscal year, one for operation and maintenance costs (tipping fees) and another for fixed costs (debt service), however in the FY 2016 year the Agency made the last payment on its 2008 bonds resulting in no debt service tipping fee for future years. The historical rates for these charges are shown in Chart 1.

Projections of Operations and Maintenance 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.

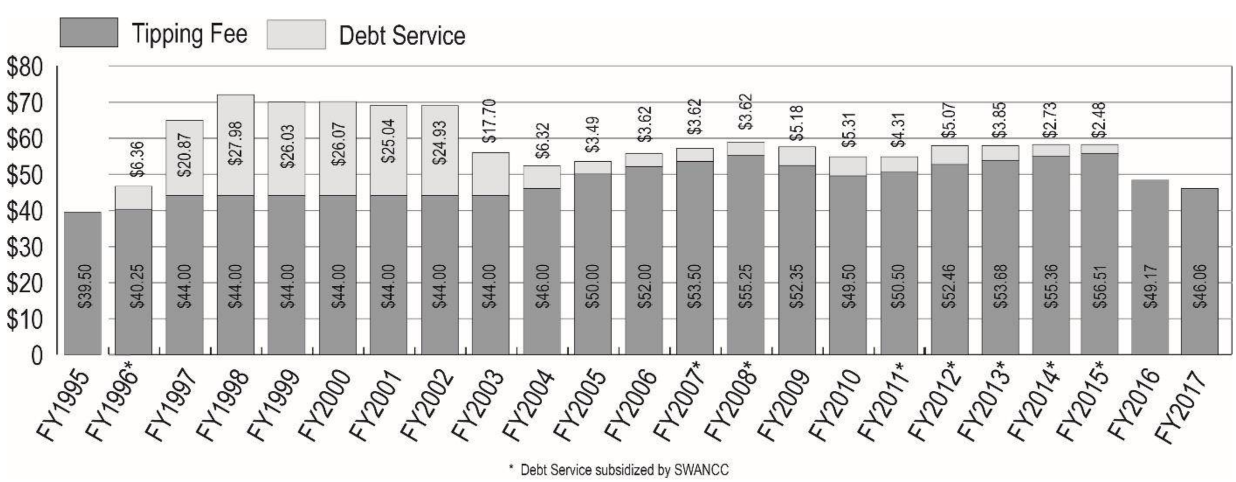

Chart 1 – Tipping Fees (Per Ton)

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 FY2017 and FY2016 is included in Table 1. The Agency's net position decreased reflecting the decrease in total assets from FY2016 to FY2017.

TABLE 1 – Summary of Net Position

	FY2017	FY2016
Assets:		
Current Assets	$ 2,058,663	$ 2,218,610
Capital Assets	8,625,458	9,159,887
Total Assets	10,684,121	11,378,497
Liabilities:		
Current Liabilities	1,989,852	2,264,201
Total Liabilities	1,989,852	2,264,201
Deferred Inflows of Resources		
Deferred rent	116,571	144,000
Net Position:		
Net investment in capital assets	8,625,458	9,159,887
Unrestricted	(47,760)	(189,591)
Total Net Position	$ 8,577,698	$ 8,970,296

Table 2 below provides the Statement of Activities.

TABLE 2 - Statement of Activities

	FY2017	FY2016	Difference	% Change
Glenview Transfer Station (GTS) Operations				
Revenues - Charges to Members	$ 11,965,110	$ 12,438,102	$ (472,992)	-3.80%
Expenses - GTS Operations	(10,926,518)	(11,460,447)	533,929	-4.66%
Revenues - Recycling Incentive Program	62,897	94,617	(31,720)	-33.52%
Expenses - Recycling Incentive Program	(55,347)	(74,796)	19,449	-26.00%
Total Profit from GTS Operations	1,046,142	997,476	48,666	4.88%
General and Administrative Expenses	(1,024,354)	(1,081,468)	57,114	-5.28%
Depreciation	(534,429)	(534,430)	1	0.00%
Operating Income	(512,641)	(618,422)	105,781	-17.10%
Non-operating Revenues (Expenses)				
Interest Income	1,249	4,356	(3,107)	-71.33%
Miscellaneous Income	528	145	383	264.14%
Total Non-operating Revenues (Expenses), Net	1,777	4,501	(2,724)	-60.52%
Change in Net Position	(510,864)	(613,921)	103,057	-16.79%
Net Position Beginning of Year	8,970,296	9,584,217	(613,921)	-6.41%
Prior period adjustment	118,266	-	-	100.00%
Net Position End of Year	$ 8,577,698	$ 8,970,296	$ (510,864)	-5.70%
Total Revenues	$ 12,029,784	$ 12,537,220	$ (507,436)	-4.05%
Total Operating Expenses	(12,540,648)	(13,151,141)	610,493	-4.64%
Net Income	$ (510,864)	$ (613,921)	$ 103,057	-16.79%

In FY2017, the Agency's operating loss was $510,864 reflecting the adjustment to Member billings to reflect the revised GTS contract (new contract September 1, 2015) and the Agency's operational decision not to fund deprecation on the Glenview Transfer Station. The bulk of the Agency's expenses is paid to Groot Industries ("Groot") for their operation and maintenance of the GTS and is based on actual deliveries by Members. In FY2017, the Agency saw increases in total waste deliveries to the GTS by members (5.2%) along with the re-pricing of the operational contract that commenced on September 1, 2015 resulting in the total operational costs decreasing by $533,929 (-4.7%). Waste deliveries from commercial customers increased at a greater pace (+33.3%) which reflect changes to waste brought to the transfer station by Groot and other haulers.

Recycling Incentive Program

As a result of the new operating contract for the Glenview Transfer station that commenced on September 1, 2015 SWANCC continued its Recycling Incentive Program (RIP) for the fiscal year using the new market basket of commodities and their value in determining the revenue from the sale of collected recyclables from participating Members. in the new contract with Groot Industries the RIP was modified to remove the guaranteed revenue sharing for Member tons and was replaced with a formula that shared revenue in excess of the cost of processing. In Fiscal 2017 the total tons of recyclables collected was 35,380 and decreased by 6,941. The main reason for the decrease was the withdrawal from the program for Members Barrington and Wheeling. In reviewing the tonnage for recyclables with consistent Member participation the actual weight dropped by 1.7% or 633 tons of material. The Agency believes that the steady economic conditions and the increase in consumer awareness for recycling have assisted in maintaining the overall recycling waste deliveries by participating Members even while the packing material currently in use is significantly lighter than in the past.

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. This program as mentioned above stopped on August 31, 2015.

The RIP payment for the fiscal year totaled $55,347 and was distributed to participating members in the fall of 2017. Commodity markets in FY2017 experienced supply and demand pressures that impacted the overall price of all commodities. The Agency experienced an increase in the value of the marketable materials reaching a high in March 2017 of $92.95; however for first nine months of the year the revenue generated did not exceed the processing cost so there was no shared earning. Upward pressure in the value of recycling commodities will be impacted by the overall world economic recovery and difficult to project going forward.

Glenview Transfer Station Operations

Fiscal Year 2017 the Agency operated the transfer station for the whole year under the new contract. The contract started September 1, 2015 and resulted in resetting the disposal rate to $43.75/ton and was awarded to the current operator, Groot Industries. The Agency's Glenview Transfer Station (GTS) processes and provides for disposal of waste delivered by the members and customers of the Agency. Under the terms of the contract the FY 2017 operational year the disposal rate stayed at $43.75 per ton with a slight increase of 11 cents on January 1, 2017 reflecting the raised tolls for transporting the waste to the landfill.

The amount of waste delivered to the Agency from all sources totaled 336,637 tons, an increase of 9.7% from FY2016. This increase was driven by components of the new operating contract, Groot Industries is required to deliver at least 100 tons per day of outside waste, and the continued improvement in the economy in the region. Member waste, as defined by their project use agreement, increased by 4,710 tons to a total of 243,187 tons and there was no operational issues in disposing of the waste during the fiscal year.

The non-member tonnage delivered to the GTS increased from 68,306 tons in FY2016 to 93,450 tons in FY2017 (+36.8%). The increase in tonnage was driven by modifications to the operating contract requiring Groot to deliver outside commercial waste 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 $281,506 to $1,134,809 in FY2017 (+32.9%). The Agency did not reduce the overall commercial rate, resulting from the new disposal cost, in that these customers are willing to pay higher per unit prices in exchange for no per load volume minimums which had a positive impact on the total revenue received.

Overall, the GTS operated efficiently and effectively in FY2017 with no downtime in waste processing from operational or regulatory issues.

Capital Assets

Net capital assets decreased by $534,429 during FY2017 as a result of depreciation expense. See Note 3 on page 12 for additional information.

Debt Activity

The Agency had no long-term debt for the fiscal reporting period.

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.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY
WHEELING, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2017

CURRENT ASSETS	
Unrestricted cash and investments	$ 1,815,147
Accounts receivable	
Billings in advance	32,222
Other	22,905
Due from members - true up	182,425
Prepaid expenses	5,964
Total current assets	2,058,663
NONCURRENT ASSETS	
Capital assets, net of depreciation	8,625,458
Total noncurrent assets	8,625,458
Total assets	10,684,121
CURRENT LIABILITIES	
Accounts payable	898,735
Accrued payroll	41,449
Unearned revenue	1,049,668
Total current liabilities	1,989,852
DEFERRED INFLOWS OF RESOURCES	
Deferred rent	116,571
Total deferred inflows of resources	116,571
Total liabilities and deferred inflows of resources	2,106,423
NET POSITION	
Net investment in capital assets	8,625,458
Unrestricted	(47,760)
TOTAL NET POSITION	$ 8,577,698

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY
WHEELING, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

For the Year Ended April 30, 2017

OPERATING REVENUES	
Charges to member communities	$ 11,965,110
Recycling incentive program	62,897
Total operating revenues	12,028,007
OPERATING EXPENSES	
Transfer station operations	10,926,518
Recycling incentive program	55,347
General and administrative	1,024,354
Depreciation	534,429
Total operating expenses	12,540,648
OPERATING INCOME (LOSS)	(512,641)
NON-OPERATING REVENUES (EXPENSES)	
Investment income	1,249
Miscellaneous revenue	528
Total non-operating revenues (expenses)	1,777
CHANGE IN NET POSITION	(510,864)
NET POSITION, MAY 1	8,970,296
Prior period adjustment	118,266
NET POSITION, MAY 1, RESTATED	9,088,562
NET POSITION, APRIL 30	$ 8,577,698

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY
WHEELING, ILLINOIS

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from members and users	$ 11,980,849
Payments to suppliers and members	(11,762,223)
Payments to employees	(427,667)
Miscellaneous	528
Net cash from operating activities	(208,513)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
None	-
Net cash from noncapital financing activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
None	-
Net cash from capital and related financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,249
Net cash from investing activities	1,249
NET DECREASE IN CASH AND CASH EQUIVALENTS	(207,264)
CASH AND CASH EQUIVALENTS, MAY 1	2,022,411
CASH AND CASH EQUIVALENTS, APRIL 30	$ 1,815,147
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	$ (512,641)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation	534,429
Other non-operating revenues	528
Changes in assets and liabilities	
Accounts receivable - billings in advance	158,172
Accounts receivable - other	(22,905)
Due from members - true up	(182,425)
Prepaid expenses	(159)
Accounts payable	103,492
Accrued payroll	(14,699)
Due to members - true up	(407,221)
Unearned revenue	162,345
Deferred rent	(27,429)
NET CASH FROM OPERATING ACTIVITIES	$ (208,513)

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Solid Waste Agency of Northern Cook County, Wheeling, Illinois (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 accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

a. Reporting Entity

The Agency was organized as a municipal corporation in the State of Illinois in May of 1988, under the provisions of the Intergovernmental Cooperation Act (5 ILCS 220/3.2) (Illinois Compiled Statutes). 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, commenced operations February 1, 1994. Pursuant to the Project Use Agreements, charges to the members' communities using the Glenview Transfer Station at April 30, 2017 resulted in charges of approximately $50 per ton.

During the fiscal year reported, the following municipalities were members of the Agency:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. 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 or the by-laws of the agency.

The Executive Committee of the Agency consists of seven persons 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 Intergovernmental Cooperation Act, the Agency agreement or the by-laws.

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.

b. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Fund Accounting

Enterprise Fund

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 general public 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 and production and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Agency are charges to member communities for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

d. Capital Assets - Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. If actual cost cannot be determined, estimated historical cost is used; donated capital assets are recorded at acquisition value at the date of donation. Capital assets are defined by the Agency as assets with an initial, individual cost of more than $25,000 and an estimated useful life in excess of one year. Depreciation of property, plant, and equipment has been provided for over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

	Years
Building and improvements	38

Leasehold improvements are amortized over the shorter of the remaining lease term or the economic life of the leasehold improvement. Maintenance and repairs are charged to expense in the year incurred. Expenses that extend the useful life or increase productivity of property, plant, and equipment are capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

f. Investments

Investments and negotiable certificates of deposits with a maturity date greater than one year from the date of purchase are recorded at fair value. Investments with a maturity date of less than one year from the date of purchase are recorded at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

g. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report, if any, are recorded as prepaid expenses.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future period(s). In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so it will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period these amounts become available.

i. Compensated Absences

Employees earn vacation based on their anniversary date with the Agency. Earned vacation may be accumulated and is payable to the employee upon termination of employment and, therefore, is accrued through April 30. Accumulated sick leave is convertible to vacation days at a 3:1 ratio at fiscal year end and is then payable upon termination of employment and, therefore, is accrued.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Unearned Revenue

Members are billed at the beginning of the month for the following services. Theses billings in advance of services are included in accounts receivable and unearned revenue and are recognized as revenue at the beginning of the month. Unearned revenue at April 30, 2017 was $1,049,668.

k. Net Position

Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt principal issued to construct or acquire capital assets.

l. Use of Estimates

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

2. DEPOSITS AND INVESTMENTS

The Agency's investment policy authorizes the Agency to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include 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 mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a $1 per share value which is equal to the participants fair value), and the Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The Agency's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

2. DEPOSITS AND INVESTMENTS (Continued)

It is the policy of the Agency to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Agency and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety, liquidity, and rate of return.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Agency's deposits may not be returned to it. The Agency's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance to be held at an independent third party institution in the name of the Agency. The amount of collateral provided will not be less than 100% of net amount of public funds secured. At April 30, 2017, the bank balances were fully insured or collateralized.

b. Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 of Directors.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Agency limits its exposure to credit risk by primarily investing in money market mutual funds and external investment pools. The IMET 1-3 Year Fund is rated AAA by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Agency will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Agency's investment policy requires all investments to be processed on a delivery versus payment (DVP) basis with the underlying investments held by an independent third party custodian and evidenced by safekeeping receipts. IMET is not subject to custodial credit risk.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Concentration of credit risk is the risk that the Agency has a high percentage of its investments invested in one type of investment. The Agency's investment policy does not set specific limits of diversification of investments to avoid unreasonable risk.

As of April 30, 2017, the Agency had the following investments and maturities in debt securities.

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1-5	6-10	More than 10
IMET	$ 777,926	$ -	$ 777,926	$ -	$ -
TOTAL	$ 777,926	$ -	$ 777,926	$ -	$ -

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

The Agency has the following recurring fair value measurements as of April 30, 2017: the IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2017 was as follows:

	Balances May 1	Additions	Retirements	Balances April 30
Capital assets not being depreciated				
Land	$ 1,381,800	$ -	$ -	$ 1,381,800
Total capital assets not being depreciated	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	17,724,202	-	-	17,724,202

3. CAPITAL ASSETS (Continued)

	Balances May 1	Additions	Retirements	Balances April 30
Less accumulated depreciation for				
Building and improvements	$ 9,843,115	$ 475,571	$ -	$ 10,318,686
Leasehold improvements	103,000	58,858	-	161,858
Total accumulated depreciation	9,946,115	534,429	-	10,480,544
Total capital assets being depreciated, net	7,778,087	(534,429)	-	7,243,658
CAPITAL ASSETS, NET	$ 9,159,887	$ (534,429)	$ -	$ 8,625,458

4. DEFERRED RENT

During 2014, the Agency entered into a lease agreement as described in Note 5. In this agreement, the Agency and Landlord agreed to a buildout of the current office space being leased, whereby the Agency would pay $220,000 of the costs and the Landord would pay $192,000. Leasehold improvements made by the lessee funded by the Landord incentives are recorded by the Agency as leasehold improvements and amortized over the life of the lease. The incentive provided by the Landlord is recorded as deferred rent and is amortized as reductions to the lease expense.

Deferred rent activity for the year ended April 30, 2017 was as follows:

	Balances May 1	Issuances	Reductions	Balances April 30	Due Within One Year
Deferred rent	$ 144,000	$ -	$ 27,429	$ 116,571	$ 27,429
TOTAL DEFERRED RENT	$ 144,000	$ -	$ 27,429	$ 116,571	$ 27,429

5. OPERATING LEASES

The Agency leases office space from the Village of Wheeling (the Village) under an operating lease which expires in 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.

Under the operating leases, leasehold improvements of $192,000 were financed by the Agency’s landlord. Costs of $192,000 are included in the leasehold improvements and deferred rent, net accumulated amortization of $75,429 on the statement of net position at April 30, 2017.

Total cash paid for rent for the year ended April 30, 2017 totaled $66,926.

5. OPERATING LEASES (Continued)

Minimums future base rental payments are as follows:

Fiscal Year Ended	Amount
2018	$ 66,089
2019	68,072
2020	70,114
2021	72,218
2022	18,187
TOTAL	$ 294,680

6. EMPLOYEE BENEFIT PLANS

The Agency sponsors a salary reduction plan for the benefits of certain eligible employees. The plan allows for participant contributions pursuant to the provisions of Internal Revenue Code 457(b). The plan provides for Agency to make contributions of 6% of the participant's eligible compensation and matching contributions for the first 6% of participant's elected contribution. Provisions may be amended only by the Board of Directors. The Agency's contributions totaled $35,344 for the year ended April 30, 2017. There were no forfeitures reflected in pension expense and there was no liability outstanding for unpaid benefits at April 30, 2017.

7. RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; illnesses of employees; and injuries to the Agency's employees. The Agency purchases insurance from private companies and participates in municipal risk management pooling, the Illinois Counties Risk Management Trust (ICRMT). Risks covered include workers' compensation, earthquake, fire, flood, general liability, employee health, and other risks associated with operations. The pool is responsible for establishing the rights and responsibilities of the member agencies and retains the risk of loss. There were no significant reductions in insurance coverage and settlements did not exceed insurance coverage during the past three fiscal years.

8. COMMITMENTS AND CONTINGENCIES

Commitments

The Agency and Groot Recycling and Waste Services, Inc. (Groot) has a contract by which Groot operates the Glenview Transfer Station until December 2031 and provides for processing, hauling, and disposal of waste delivered to the Glenview Transfer Station. Payments to Groot for the year ended April 30, 2017 totaled $9,418,597.

Contingent Liabilities

The Agency is not aware of any significant litigation that it believes would have a material effect on the balances reported at April 30, 2017. No provision has been made in the accompanying financial statements.

9. PRIOR PERIOD RESTATEMENT

Net position was increased at May 1, 2016 by $118,266 in order to correct an error in accounts payable and properly report expenses.