SIKICH

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY WHEELING, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2021

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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, 2021, 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, 2021, 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
August 2, 2021

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 (2021) which concluded on April 30, 2021, in comparison with the April 30, 2020, 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 consulting, education, recycling and specialty 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 Operation 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 based on the actual cost of service.

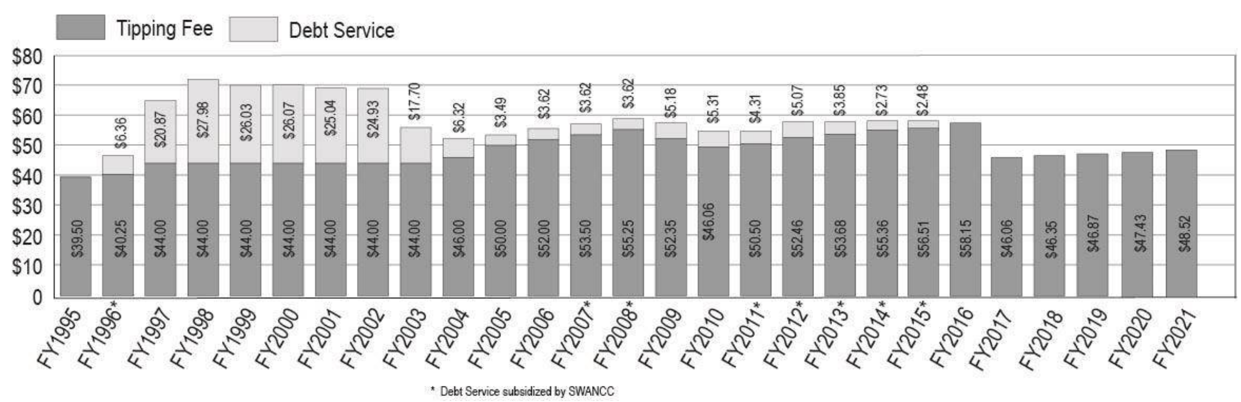

Chart 1 – Tipping Fees (Per Ton)

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 FY2021 and FY2020 is included in Table 1. The Agency's net position decreased reflecting the increase in total liabilities from FY2020 to FY2021.

TABLE 1 – Statement of Net Position

	FY2021	FY 2020
Assets:		
Current Assets	$ 2,404,188	$ 1,806,080
Capital Assets	6,767,324	7,148,737
Total Assets	9,171,512	8,954,817
Liabilities:		
Current Liabilities	2,491,634	1,870,544
Total Liabilities	2,491,634	1,870,544
Deferred Inflows of Resources		
Deferred rent	6,855	34,284
Net Position:		
Net investment in capital assets	6,767,324	7,148,737
Unrestricted	(94,301)	(98,748)
Total Net Position	$ 6,673,023	$ 7,049,989

Table 2 below provides the Statement of Revenues, Expenses and Changes in Net Position.

TABLE 2 - Statement of Revenues, Expenses, and Changes in Net Position

	FY2021	FY2020	Difference	% Change
Glenview Transfer Station (GTS) Operations				
Revenues - Charges to Members	$ 13,994,154	$ 12,890,719	$ 1,103,435	8.56%
Expenses - GTS Operations	(12,957,392)	(11,953,834)	(1,003,558)	8.40%
Revenues - Recycling Incentive Program	-	-	-	
Expenses - Recycling Incentive Program	-	-	-	
Total Profit from GTS Operations	1,036,762	936,885	99,877	10.66%
General and Administrative Expenses	(915,633)	(957,998)	42,365	-4.42%
Depreciation	(540,348)	(539,027)	(1,321)	0.25%
Operating Income (loss)	(419,219)	(560,140)	140,921	-25.16%
Non-operating Revenues (Expenses)				
Interest Income	4,545	40,224	(35,679)	-88.70%
Miscellaneous Income	-	4,261	(4,261)	
Total Non-operating Revenues (Expenses), Net	4,545	44,485	(39,940)	-89.78%
Net Income (Loss) Before Capital Contributions	(414,674)	(515,655)	100,981	-19.58%
Capital Contributions	37,708		37,708	
Change in Net Position	(376,966)	(515,655)	138,689	-26.90%
Net Position Beginning of Year	7,049,989	7,565,644	(515,655)	-6.82%
Net Position End of Year	$ 6,673,023	$ 7,049,989	$ (376,966)	-5.35%
Total Revenues	$ 14,036,407	$ 12,935,204	$ 1,101,203	8.51%
Total Operating Expenses	(14,413,373)	(13,450,859)	(962,514)	7.16%
Net Income	$ (376,966)	$ (515,655)	$ 138,689	-26.90%

In FY2021, the Agency's operating loss was $419,219 reflecting the Agency's operational decision not to fund deprecation on the Glenview Transfer Station and the contributed capital for the dust and odor control system and the replacement interior lighting. 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 FY2021, the Agency saw a significant increase in total waste deliveries to the GTS by members, resulting form the stay at home order for the pandemic, of 17,164 tons or 6.8% to a total of 269,264 tons of waste. This increase in Member deliveries resulted in a FY2021 True-up of $643,587 owed to the Agency. Waste deliveries from commercial customers also saw a decrease of 3,780 tons or 3.76% to a total of 96,547 tons of waste.

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 2021 the total tons of recyclables collected in the RIP by participating Members was 50,027 an increase of 7,107. The increase was driven this year by Hoffman Estates joining the program during the fiscal year bringing the total Members to 15 and the general increase of material as a result of the pandemic and stay at home conditions.

The RIP did not receive any shared revenue payments during the year, as the resale of material failed to exceed the cost to process the material. FY2021 the commodity market continued to see supply and demand pressures that impacted the overall price of all commodities as recyclers continue to react to the changing world market and quality requirements to sell their recovered materials. However, beginning in 2021 we started to see a turn in the overall value of the material being sold and if the trend continues the Agency's Members could again begin to see a revenue from the sale of the material in future years.

Glenview Transfer Station Operations

Fiscal Year 2021 and the continued issues surrounding covid-19 resulted in the Agency seeing an increase member waste and a decrease commercial waste delivery as mentioned above. Covid-19 had a greater impact on the member deliveries this fiscal year then we experienced in FY2020. Commercial activity as the State of Illinois issued and operated under stay at home order for the hauler deliveries was down however the small contractors that use the transfer station was in fact up significantly. With Covid-19's impact and the slowdown of the commercial hauler deliveries the Agency still saw commercial revenues for the full year reach over $1,417,000 to offset operational costs of the Agency. The Agency's Glenview Transfer Station (GTS) processes and provides for disposal of waste delivered by the members and customers of the Agency totaling 365,812. Under the terms of the Groot disposal contract the FY 2021 operational year the disposal rate was $47.26 per tons for transporting the waste to the landfill.

The transfer station continues to be 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, as mentioned earlier increased by only 17,164 tons to a total of 269,264 tons and there was no operational issues in disposing of the waste during the fiscal year.

The non-member tonnage delivered to the GTS also saw a decrease in FY 2021 of 3,780 tons to a total of 96,547 tons of material from all outside users of the transfer station. The continued usage of the transfer station by small commercial customers due to the Agency's pricing structure and Groot (driven by modifications to the operating contract requiring Groot to deliver outside commercial waste) adds both revenue and operational efficiencies at the transfer station. Revenue from the non-member waste and small commercial haulers brought in a total of $1,417,476, (record revenue for the Agency) in comparison with FY 2020's total of $1,238,878.

Overall, the GTS operated efficiently and effectively in FY2021 with no downtime in waste processing from operational or regulatory issues and little disruption in March and April due to the pandemic. The Agency will continue to monitor the ongoing impact of Covid-19 and the need to modify operating procedures that Groot Industries, the facility operator, will need to initiate in an effort to maintain the overall safety of both their employees and the users and customers of the facility. The Agency will maintain an open line of communication with Groot Industries to be responsive to their operational and safety concerns.

Capital Assets

Net capital assets decreased by $381,413 during FY2021 as a result of depreciation expense of $540,348 offset by capital asset additions of $158,935. The Agency did complete two projects that resulted in increases to capital. The first being the replacement of all interior high bay lighting with the assistance of a ComEd grant for 75% of the cost and the installation of a dust/odor control system. Also, during the year there was some damage to the transfer stations sprinkler system that was replaced by insurance that was also listed as contributed capital. See Note 3 for additional information on the Agency's capital assets. These items resulted in a decrease to the deprecation funding required in FY2021.

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, 2021

CURRENT ASSETS	
Unrestricted cash and investments	$ 1,631,432
Accounts receivable	
Billings in advance	77,697
Other receivable	42,333
Due from members - true up	643,588
Prepaid expenses	9,138
Total current assets	2,404,188
NONCURRENT ASSETS	
Capital assets, net of depreciation	6,767,324
Total noncurrent assets	6,767,324
Total assets	9,171,512
CURRENT LIABILITIES	
Accounts payable	1,504,868
Accrued payroll	37,404
Unearned revenue	949,362
Total current liabilities	2,491,634
DEFERRED INFLOWS OF RESOURCES	
Deferred rent	6,855
Total deferred inflows of resources	6,855
Total liabilities and deferred inflows of resources	2,498,489
NET POSITION	
Net investment in capital assets	6,767,324
Unrestricted (deficit)	(94,301)
TOTAL NET POSITION	$ 6,673,023

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, 2021

OPERATING REVENUES	
Charges to member communities	$ 13,994,154
Total operating revenues	13,994,154
OPERATING EXPENSES	
Transfer station operations	12,957,392
General and administrative	915,633
Depreciation	540,348
Total operating expenses	14,413,373
OPERATING INCOME (LOSS)	(419,219)
NON-OPERATING REVENUES (EXPENSES)	
Investment income	4,545
Total non-operating revenues (expenses)	4,545
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(414,674)
CAPITAL CONTRIBUTIONS	37,708
CHANGE IN NET POSITION	(376,966)
NET POSITION, MAY 1	7,049,989
NET POSITION, APRIL 30	$ 6,673,023

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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from members and users	$ 13,352,886
Payments to suppliers and members	(12,805,505)
Payments to employees	(476,141)
Net cash from operating activities	71,240
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
None	-
Net cash from noncapital financing activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	37,708
Purchases of capital assets	(158,935)
Net cash from capital and related financing activities	(121,227)
CASH FLOWS FROM INVESTING ACTIVITIES	
None	-
Net cash from investing activities	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(49,987)
CASH AND CASH EQUIVALENTS, MAY 1	840,301
CASH AND CASH EQUIVALENTS, APRIL 30	$ 790,314
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	$ (419,219)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation	540,348
Changes in assets and liabilities	
Accounts receivable - billings in advance	(74,404)
Other receivable - insurance proceeds	(42,333)
Due from members - true up	(524,531)
Prepaid expenses	(2,282)
Accounts payable	659,079
Accrued payroll	(2,019)
Unearned revenue	(35,970)
Deferred rent	(27,429)
NET CASH FROM OPERATING ACTIVITIES	$ 71,240
CASH AND INVESTMENTS	
Cash and cash equivalents	$ 790,314
Investments	841,118
TOTAL CASH AND INVESTMENTS	$ 1,631,432
NONCASH TRANSACTIONS	
Unrealized gain on investments	$ 4,545

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, 2021 resulted in charges of approximately $47 per ton.

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

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	

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)

b. Basis of Accounting (Continued)

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.

c. 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
Machinery and equipment	10-15

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.

d. 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.

e. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. 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 and recognized as expense when consumed.

g. 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.

h. 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.

i. Unearned Revenue

Members are billed at the beginning of the month for the following month's services. These billings in advance of services are included in unearned revenue and are recognized as revenue at the beginning of the month. Unearned revenue at April 30, 2021 was $949,362.

j. Net Position

Restricted net position, if any, is reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, externally imposed by outside entities, or as a result of enabling legislation adopted by the Agency. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Use of Estimates

The preparation of financial statements in conformity with GAAP 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 expenses during the reporting period. Actual results could differ from those estimates.

l. Postponement of Implementation of Certain Authoritative Guidance

In accordance with the provisions of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the Agency has delayed the implementation of GASB Statement No. 87, *Leases* to April 30, 2023.

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, The 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.

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.

2. DEPOSITS AND INVESTMENTS (Continued)

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. Letters of credit issued by a Federal Home Loan Bank are also an acceptable form of collateral. The amount of collateral provided will not be less than 100% of net amount of public funds secured. At April 30, 2021, the bank balances were fully insured or collateralized.

b. Investments

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.

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, 2021, 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	$ 841,118	$ -	$ 841,118	$ -	$ -
TOTAL	$ 841,118	$ -	$ 841,118	$ -	$ -

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

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.

The Agency categorizes the fair value measurements within the fair value hierarchy established by GAAP. 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, 2021: 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, 2021 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	104,237	-	17,416,439
Leasehold improvements	412,000	-	-	412,000
Machinery and equipment	142,398	54,698	-	197,096
Total capital assets being depreciated	17,866,600	158,935	-	18,025,535

3. CAPITAL ASSETS (Continued)

	Balances May 1	Additions	Retirements	Balances April 30
Less accumulated depreciation for				
Building and improvements	$ 11,745,397	$ 476,892	$ -	$ 12,222,289
Leasehold improvements	338,432	58,858	-	397,290
Machinery and equipment	15,834	4,598	-	20,432
Total accumulated depreciation	12,099,663	540,348	-	12,640,011
Total capital assets being depreciated, net	5,766,937	(381,413)	-	5,385,524
CAPITAL ASSETS, NET	$ 7,148,737	$ (381,413)	$ -	$ 6,767,324

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 landlord would pay $192,000. Leasehold improvements made by the lessee funded by the landlord 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, 2021 was as follows:

	Balances May 1	Issuances	Reductions	Balances April 30	Due Within One Year
Deferred rent	$ 34,284	$ -	$ 27,429	$ 6,855	$ 6,855
TOTAL DEFERRED RENT	$ 34,284	$ -	$ 27,429	$ 6,855	$ 6,855

5. OPERATING LEASES

The Agency leases office space from the Village of Wheeling (the Village) under an operating lease which expires in July 2021. On March 1, 2021, the operating lease was renewed for an additional seven years and expires in July 2028. Monthly base rental payments range from $5,077 to $7,456 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 $185,145 on the statement of net position at April 30, 2021.

5. OPERATING LEASES (Continued)

Total cash paid for rent for the year ended April 30, 2021 totaled $72,218.

Minimums future base rental payments are as follows:

Fiscal Year Ended	Amount
2022	$ 74,383
2023	76,611
2024	78,909
2025	81,279
2026	83,721
Thereafter	197,424
TOTAL	$ 592,327

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 $41,379 for the year ended April 30, 2021. There were no forfeitures reflected in pension expense and there was no liability outstanding for unpaid benefits at April 30, 2021.

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 health insurance through a member community 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, 2021 totaled $10,611,353.

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, 2021. No provision has been made in the accompanying financial statements.